Supreme Court, U.S.
FILED

02 1656 MAY 9 - 2003

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NO. _____

In the

SUPREME COURT OF THE UNITED STATES

October Term 2002

PHONOMETRICS, INC.,

Petitioner,
v.

WESTIN HOTEL CO.,
A Delaware Corporation,

Respondent.

On Petition for Writ of Certiorari To the United States Court of Appeals For the Federal Circuit

# PETITION FOR WRIT OF CERTIORARI

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106 pp

## QUESTIONS PRESENTED

1. WAS PETITIONER ACCORDED DUE PROCESS?

2. SHOULD A LAWYER BE SANCTIONED FOR POINTING OUT CONFLICTING DECISIONS TO THE FEDERAL CIRCUIT?

3. IS THERE AN APPEARANCE OF IMPROPRIETY IN THE ACTIONS OF THE DISTRICT COURT JUDGE?

## CORPORATE DISCLOSURE STATEMENT

Petitioner, Phonometrics, Inc., is a Florida corporation. There are no parent corporations. No publicly held company owns 10% of Phonometrics, Inc.

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## PETITION FOR A WRIT OF CERTIORARI

Phonometrics, Inc, prays for a writ of certiorari to the Federal Circuit in this patent case.

## OPINION BELOW

The opinion of the Federal Circuit is attached as Appendix A. The judgment was issued on February 12, 2003 The order by the district court denying discovery is Appendix B. The order by the district court granting summary judgment to Respondent is Appendix C.

## JURISDICTION

This is a patent case brought in the district court under 28 U.S.C. §1338(a). Federal Circuit jurisdiction was under 28 U.S.C. §1295(a)(1). This Court has jurisdiction under 28 U.S.C. §1254(1).

## CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Fifth Amendment, various statutes and rules are attached as Appendix I.

## STATEMENT OF THE CASE

This is a patent infringement case brought by the owner a patent for ELECTRONIC LONG-DISTANCE TELEPHONE CALL COMPUTER AND RECORDER against a chain of hotels. The patent is for an apparatus that provides a hotel guest with a record of the cost of each long distance call made by the guest using hotel facilities.

Virtually all hotels have this service for guests. Only claim 1 of the patent is in issue, and it is attached as Appendix D. The claim has eight elements, but the issue presented relates only to element 3: "call cost register means, including a digital display, for providing a substantially instantaneous display of cumulative call cost in dollars and cents." The issue is whether the "digital display" must be in the hotel guest's room so that the guest can view the cost of the call, or whether the apparatus can be elsewhere in the hotel and the guest simply receives a record of call cost.

Here, the dispositive term is "to the caller." Claim 1 of the patent (Appendix D) does not have the term "to the caller," yet many different panels of the Federal Circuit have construed the claim to require that the display specified in the claim either (1) was not required to be to the caller; or (2) called for the display to be "to the caller." The first construction, in *Intellicall, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384 (Fed. Cir. 1992), was by the district court in Texas, where the term "to the caller" was included in the decision on summary judgment. A panel of the Federal Circuit noted that the term was not present in claim 1, but it was not clear that the district court intended to construe the claim as so limited, because it was not essential to the grant of summary judgment. The accused devices in that case, pay telephones, did in fact have a display "to the caller," so the term was not essential to the outcome of the case. The display of the pay phone sold by Intellicall showed the decreasing time remaining for the deposited coins and did not have a display "of cumulative cost in dollars and cents," a term that is in fact in the element 3 of the claim (Appendix B). In other words, the patent specified increasing cost and the Intellicall display showed a decreasing amount of time or money.

In footnote 1 of the *Intellicall* decision, the panel said that if the district court intended to write the term "to the caller" into claim 1, it was "harmless" error. It was error nevertheless, because "to the caller" is not in Appendix B, as a matter of fact. Calling claim construction a matter of law does not change the fact that the words "to the caller" are not in the claim.

The next case decided by the Federal Circuit was *Phonometrics, Inc. v. Northern Telecom, Inc.*, 133 F.3d 1459 (Fed cir. 1998). Northern Telecom moved for summary judgment, just as Intellicall had years earlier. At the oral argument on the motion for summary judgment, the district court said that he did not have time to prepare an opinion on summary judgment, so he asked counsel for Northern Telecom to prepare a disc with the opinion for review by the court (Appendix E). The district court did not change a single word in the opinion prepared by counsel for Northern Telecom. It was issued verbatim, and the court did not write one word of it (Appendix F, page A-58).

The district court decision in *Northern Telecom* was appealed to the Federal Circuit, but no decision on the appeal was handed down for two and a half years. In the meantime, after the district court decided *Northern Telecom*, it proceeded to consider other cases that had been filed by Petitioner. Although the *Northern Telecom* decision by the district court was not final, the district court treated his decision as the final word on the Petitioner's patent, and resolved to always rule against Petitioner and in favor of Defendants.

Many cases filed in 1994 were against users of the patented combination in hotels. The district court used the decision written by counsel for Northern Telecom as the basis for granting summary judgment in favor of all

Defendants, whether equipment makers or users of equipment. On February 13, 1997, in a hearing involving motions for summary judgment filed by many of the hotel Defendants, the district judge reviewed the history of the *Intellicall* case (Appendix F, page A-53), and asked whether "the person making the call, is he able to see the cost accounting as it goes by?" (Appendix F, page A-55). Counsel for Petitioner pointed out that "to the caller" is not claimed in the patent, just as the panel in *Intellicall* acknowledged. The judge asked whether Northern Telecom had an infringing display. When an affirmative response was given, he said: "So you disagree with the court's conclusion in this regard and maybe the court [of appeals] will eventually agree with you, and I may be stupid, but I intend to be consistent."

He has been consistent for the last eight years in that every motion brought by a Defendant has been granted, whether for summary judgment, to dismiss under Fed. R. Civ. P. 12; and for attorney fees under 35 U.S.C. §285, under 28 U.S.C. §1927, or under Fed. R. Civ. P. 11. Consistency means always ruling against Petitioner with no consideration of the facts by a trier of fact, no consideration of the law as determined by the Federal Circuit, and no consideration of the circumstances surrounding actions by the parties.

The Federal Circuit said on appeal (*Phonometrics, Inc. v. Northern Telecom, Inc.*, 133 F.3d 1459, 1465 (Fed. Cir. 1998) that the call cost register means (the third element in Appendix D) must perform the function to provide "the caller with real time, accurate information about the call via digital display as the long distance charges accrue *during* the call" (emphasis present). This means that the digital display must be in the guest room so that the display is "to the caller." The panel did not attempt to reconcile this claim construction with the construction by the panel in *Intellicall*

that "to the caller" was *not* in claim 1. It dismissed the claim construction in *Intellicall* that the term "digital display" was not required to be "to the caller" as "merely dictum, and therefore has no issue preclusive effect for this appeal" (133 F.3d at 1464). This was despite the fact that the very same element 3 of "digital display" was construed in both *Intellicall* and in *Northern Telecom*.

Claim 1 has five instances where the apparatus is shown to be connected to "the calling telephone," and nowhere is it said to be connected to "the caller" in the guest room. The claim construction should have been to provide *the calling telephone* with information, not "the caller," in order to be consistent with *Intellicall*. The difference is dispositive not only of this case, but of cases that Petitioner has against a dozen or more other hotel chains. It is not a minor point; it is the essence of this Petition.

Either "to the caller" is part of claim 1, as *Northern Telecom* held, or it is not, as *Intellicall* held. The Federal Circuit "has adopted the rule that prior decisions of a panel of the court are binding precedent on subsequent panels unless and until overturned *in banc*. (*Newell Companies, Inc. v. Kenney Mfg. Co.*, 864 F.3d 757 (Fed. Cir. 1988)). *Intellicall* was the "prior decision" and should have been binding precedent on the panel in *Northern Telecom* as well as later panels as to the term "to the caller."

Petitioner sued Respondent in 1994 alleging patent infringement. A jury trial was demanded. The case was stayed for several years because the district court thought that Petitioner could not sue the users of the patented equipment and chose to determine cases brought against the makers of the equipment before addressing the issue of liability for the users, primarily chains of hotels. The equipment makers did not make all three components of the

patented combination, and were held not to be liable for infringement of the combination patent. The patent describes and claims an apparatus for making a record of the cost of each toll call "for the purpose of expense allocating procedures," according to the patent. A guest at a hotel, for example, may make long distance calls using the hotel equipment and pay for the toll charges when the guest checks out of the hotel. This nearly universal practice uses the patented invention. The equipment is assembled by the hotel from several different vendors. One component is a computer that does the calculations of cost and prepares the record of call cost, either on a transitory electronic display of a computer monitor, or a printed record by a printer peripherally associated with a computer. The second component in a hotel system is a PBX or PABX, standing for "Private Branch Exchange" or "Private Automatic Branch Exchange." The third item of equipment is a Call Accounting Package that has long distance rates, hotel mark-up, and other data that is not included in the record from the PBX or PABX. The patent claim 1 calls for (1) a means for timing the duration of a call; (2) means for storing charge data; (3) means for providing a display of cumulative call cost in dollars and cents; (4) computer circuit means for automatically recording cost, resetting the timer to record the cost of each call, means to transfer data on cost, and (5) means for terminating the call when the caller hangs up (Appendix D).

Usually, the hotel buys the computer from one vendor, the PBX or PABX from another vendor, and the call accounting package with software to connect everything together from a third vendor. The PBX can provide means for measuring the duration of each call. A PABX automatically sends data for the start time of the call to the computer, which measures duration. The charge data for long distance calls is in the call accounting package and

normally is loaded into the computer for calculating cost. The third means, a digital display, is part of the computer. The computer transfers and receives data from the other two elements by ordinary cables, resets the duration for each call and terminates the call when the caller hangs up.

Petitioner believes that Respondent has equipment that infringes the patent, but it has been denied the opportunity to depose the witness that submitted an affidavit in support of the motion for summary judgment, so Petitioner is unable to confirm that Respondent infringes.

One area of discovery that Petitioner sought from Respondent is the admission that Respondent's hotels have a notice in the hotel guest's room stating, in dollars and cents, the cost for a call by the guest using an access line. Typically, a local call costs fifty cents to a dollar for each call. The guest may use a credit card or a telephone calling card to charge the cost of a long distance call, avoiding the mark-up of the hotel, which usually is at the operator-assisted rate that is higher than direct-dial charge. Counsel for Respondent offered to stipulate that "Westin" brand hotels do in fact have a display in the room of cost in dollars and cents, but refused to permit the deposition of its witness who filed an affidavit in support of the motion for summary judgment (Appendix G, page A-61). Petitioner filed a motion to compel the deposition in the district court, supported by a declaration (Appendix H), and asked for a continuance in order to respond to the motion under Fed. R. Civ. P. 56(f). The motion was denied (Appendix B).

The reason given for denying the request for a continuance to take a deposition was that counsel for Petitioner had stated that Westin did not infringe the patent in a hearing in 1997, before any discovery was taken in this

case. The statement was not an admission that the Respondent did not infringe. On the contrary, counsel for Petitioner said "to the best of my knowledge every single one of the hotels before you today has" the infringing combination (Appendix F, page A-55). Instead, it was a plea to have the court enter a judgment against Phonometrics to allow an immediate appeal to the Federal Circuit to have the claims interpreted as a matter of law (Appendix F, page A-58). The procedure was approved by the Federal Circuit in the case of *York Products, Inc. v. Central Tractor Farm & Family Center*, 99 F.3d 1568 (Fed. Cir. 1996). If a party simply wants to have a final decision on claim interpretation before going to the expense of a trial and appeal to learn the meaning of terms, the Federal Circuit encourages the taking of an adverse judgment on claim interpretation without waiving its rights to trial on the merits of the construed claim. Petitioner did not waive its rights to trial on the merits of the construed claim. The district court refused to enter judgment to allow for a review of the issue of whether "to the caller" was or was not a claim term. Petitioner was led to believe that it was not a claim term because of what the court said in its 1992 decision in *Intellicall*. The district court did not enter judgment until years later, when Respondent filed a summary judgment motion.

The statement was not an admission by a party-opponent as defined in Fed. R. Evid. 801(d)(2). The offer to stay the issue of infringement until the claim construction was sorted out was not an admission at all within the five categories of Rule 801(d)(2). It was in fact the exact opposite of an admission. It *preserved* the right to try the jury issue of infringement in order to determine whether or not the words "to the caller" were in claim 1 before going

before the jury. Because the offer to accept a judgment against Phonometrics in order to appeal the claim construction was not accepted, the statement that the district court's claim construction was wrong as a matter of law cannot be an admission that it was correct as a matter of law.

The statement was made after the Federal Circuit said in *Intellicall* that "to the caller" was not in claim 1, but before the Federal circuit said that it was in *Northern Telecom*. Once *Northern Telecom* was decided, Phonometrics raised issues that show the construed claim is infringed by Respondent. One line of argument is that Westin hotels have a digital display of cost in dollars and cents in the room, so that the guest can see the cumulative cost of the call at all times, before, during and after the call.

If the ordinary meaning of "digital" is used, namely 3 of or relating to calculation by numerical methods or by discrete units - distinguished form *analogical* -" (Webster's Third New International Dictionary) then Respondent surely infringes the claim as construed by *Northern Telecom* as providing "the caller with real time, accurate information about the cost of the call via digital display as the long distance charges accrue *during* the call" (133 F.3d at 1465). The patent clearly states that "[w]hile the computing and recording apparatus hereinafter described is intended to apply to long-distance telephone calls, it could likewise apply to toll calls with modification within the scope of the invention." Respondent has imposed a toll charge for access to a line, which is a "modification within the scope of the invention."

35 U.S.C. §112, paragraph 6 states the Congressional mandate that where, as here (Appendix D), the combination is expressed as a means for performing a specified function without the recital of structure, then such a claim "shall be construed to cover the corresponding structure" that is described in the specification. Because the specification contemplates "toll calls" within its scope, the Federal Circuit cannot limit the claim to "long-distance telephone calls."

Petitioner acknowledges that another meaning of "digital display" could be "electronic," given the title of the patent for "ELECTRONIC LONG-DISTANCE TELEPHONE CALL COMPUTER AND RECORDER." If that were the Federal Circuit's claim interpretation, it should have said so and remanded the case to the district court to determine whether the claim as construed is infringed under the doctrine of equivalents as developed by this Court. The Federal Circuit never addressed the issue of what "digital display" means or whether the card in the guest rooms of Respondent's hotels showing cost in dollars and cents is a digital display or the equivalent of a digital display (*Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997)).

A second line of argument that the Federal Circuit ignored is that Respondent has equipment in its hotels that display cost during the call. The *Northern Telecom* case related only to a PBX, which did not send data until after a call was terminated. However, a Private Automatic Branch Exchange (PABX) has data sent telling the time of the start of the call, from which the computer can display cost during the call on a monitor or can provide a printed record for any period of time during the call. The Federal Circuit

has never addressed this fact issue, and the district court prohibited discovery of whether any one of Respondent's hotels has a PABX. Discovery is essential in patent cases to establish infringement. The knowledge of the facts is peculiarly within the realm of Respondent, and Petitioner has no way to learn these facts without discovery.

Accordingly, even if the *Northern Telecom* interpretation that the display must be "to the caller," there is a genuine issue of material fact whether the claim as construed is infringed. The Seventh Amendment "shall be preserved to the parties inviolate" (Fed R. Civ. P. 38(a)).

Instead of construing the claim and remanding the case for trial of the fact issue of infringement, the Federal Circuit never addressed the issues and sanctioned counsel under Fed R. App. P. 38 for filing a frivolous appeal. No decision of the Federal Circuit and no trier of fact has ever determined that a local call is not a "toll call" within the scope of the means-plus-function claim. No decision of the Federal Circuit and no trier of fact has ever determined that a display in the hotel guest room is not a display "to the caller."

A final matter that must be raised is whether, if there is a remand to the district court for any reason, should it be assigned to a different judge? In 1997, before the *Northern Telecom* case was decided by the Federal Circuit, the district judge said that he intended to be consistent in deciding against Petitioner in every case. He has never addressed the issues of local toll calls, automatic PBX devices, and whether the words "to the caller" is in claim 1, much less allow a jury to decide them. The fact that the district judge has never held for Petitioner on any issue,

even after being reversed in prior appeals involving dozens of defendants, and did not prepare the decision on summary judgment in *Northern Telecom*, all gives the appearance of impropriety. Stating "I may be stupid, but I intend to be consistent" (Appendix F), no matter what the appellate court decides, suggests that he is biased against Petitioner.

## REASONS FOR GRANTING THE WRIT

The Federal Circuit is the only circuit that can review patent cases. This case involves two irreconcilable decisions on the same important matter, namely, whether the words "to the caller" appear in claim 1 (Appendix D). The first case, in 1992, states that the words are not in the claim. The second case, in 1998, held that the claim must be construed to provide information to "the caller" rather than the "calling telephone," a term used five times in Appendix D. The "rule" adopted by the Federal Circuit is that the first panel decision on a point is binding precedent on later panel decisions, but that rule has not been followed here. Instead, the panel here followed the second case, not the first panel decision. Worse, the panel here sanctioned counsel for Respondent under Fed. R, App. P. 38 for pointing out that its decision was irreconcilable with the first panel decision, failed to allow a continuance under Fed. R. Civ. P. 56(f), and failed to address the issue of whether there was a genuine issue of material fact that Respondent infringed the claim as construed by the panel.

Supreme Court Rule 10(a) states that one of the reasons that the Court considers in its judicial discretion is where one court of appeals decision is in conflict with another court of appeals decision. That is the situation here. The panel here decided that the claim must be

construed to provide information "to the caller," when the first panel decision stated that the words were not in the claim, as a matter of fact. Ordinarily, where both panel decisions are from the same court of appeals, the matter should be resolved by an *en banc* decision of the entire circuit. That remedy is appropriate here, but because patent cases are unique, since 1982 when the Federal Circuit was created, conflicting court of appeals decisions can only come from one circuit. Rule 10(a) should be interpreted for patent cases to include different panels of the same Federal Circuit as an appropriate exercise of supervisory power. A grant of certiorari with an immediate remand for resolution of the conflict by the Federal Circuit *en banc* would be a proper resolution here. The Federal Circuit has refused to consider *en banc* this issue in prior requests by Petitioner. In the absence of the exercise of supervisory power by this Court, the Federal Circuit will not only not resolve the conflict, but it will continue to sanction counsel for Petitioner, as threatened in Appendix A, page A-8.

If the Court chooses not to interpret its Rule 10(a) as including conflicting decisions from the same circuit, Petitioner points out that the present decision of the Federal Circuit is in conflict with the decision of the Fifth Circuit in *Studiengesellshaft Kohle mbH v. Eastman Kodak Co.*, 616 F.2d 1315, 1322 (5th Cir. 1980). In that case, the court reviewed the legal principles: "The issues before us involve both questions of fact and questions of law. The issue of patent infringement is a question of fact, while the ultimate issue of patent validity is one of law. Even when the ultimate conclusion is a legal one, the conclusion of law must be based on several factual inquiries. When the questions involved are factual ones, our review of the

District Court's findings must be limited to the 'clearly erroneous' standard of Rule 52 (a). If the findings of fact are not clearly erroneous, the only issue on appeal is whether the legal conclusion drawn from those facts is correct" (citations omitted).

In the present case, the Federal Circuit said that a "determination of patent infringement requires a two step analysis" according to its previous decisions in *Cybor Corp. v. FAS Technologies*, 138 F. 3d 1448 (Fed. Cir. 1998) and *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (Appendix A, page A-5). Nowhere did the Federal Circuit acknowledge the truth of this Court's *Markman v. Westview Products, Inc.*, 517 U.S. 370, 384 (1996) decision that infringement is "a question of fact, to be submitted to a jury," as the Fifth Circuit did in *Kohle*. *Cybor*, relied upon by the court below, held that no deference to the fact-finder was to be accorded, and the Federal Circuit decides, *de novo* any facts related to claim construction. (See pages 18-19, *infra*.) The Federal Circuit here purported to decide the fact issue of infringement at Appendix A, page A-10 that a display in the guest room "is not even alleged to be part of the call cost register means." No explanation of how this fact determination could be made on summary judgment when it is genuinely in dispute.

It is a fact whether the card in the room registers call cost in dollars and cents, and neither the district court nor the Federal Circuit can decide that fact in a jury case. Accordingly, this case conflicts with *Kohle*, a Fifth Circuit decision on the same important point of whether infringement is a fact issue or a law issue. The Fifth Circuit said: "Of course, factual findings may be employed

in arriving at the patent's proper construction" (*Kohle*, at 1322). The Federal Circuit said here, following *Cybor*: "we review claim construction *de novo* on appeal including any allegedly fact-based questions relating to claim construction" (*Cybor* at 1456).

A second reason for granting the writ is under Rule 10(c), because the Federal Circuit has decided that remand for a determination by a jury of whether the Respondent infringes the patent claim as construed as a matter of law. The decision here does not address the question of whether Respondent has a display "to the caller," as the court construed the claim. This decision not to allow a jury to decide the fact issue of infringement of the construed claim is in conflict with this Court's decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 386 (1996), which made it clear that "it is not the construction of the instrument, but the character of the thing invented, which is sought in questions of" infringement, and it is "for the court to 'lay down to the jury the law which should govern them'" (citations omitted).

Petitioner has set forth evidence that Respondent hotels have a display in the guest room showing the cost in dollars and cents for toll calls made on an access line. Petitioner was denied the opportunity to depose a knowledgeable witness of Respondent to confirm that fact, which was not denied. The Federal Circuit affirmed the decision of the district court that the room display was not "a part of the call cost register means, the apparatus of which the display must be a part of for infringement" (Appendix A, page A-9). However, whether Respondent infringes is "a question of fact, to be submitted to a jury" (*Markman*, at 517 U.S. 384, citations omitted). The

district court and the Federal Circuit cannot decide whether Respondent infringes. The case must be remanded for a jury trial on the issue of infringement.

Petitioner also set forth evidence that ROLM telephones, that Respondent has admitted were used in at least some of its hotels, had a display of cost to the user in a remote station, as opposed to the attendant at the calling telephone. At Appendix A, page A-9, the Federal Circuit held that "Phonometrics has failed to produce any evidence that Westin used the particular model that contains that feature or even that that model existed at the time of the alleged infringement." Petitioner was denied the opportunity to learn these facts which were peculiarly within the knowledge of Respondent. The Federal Circuit refused to address the issue of whether Petitioner was entitled to a continuance for a deposition under Fed. R. Civ. P. 56(f). Due process was denied.

## 1. PHONOMETRICS WAS DENIED DUE PROCESS IN TWO RESPECTS: THE RIGHT TO JURY TRIAL ON THE FACT ISSUE OF INFRINGE-MENT, AND THE RIGHT TO A CONTINUANCE UNDER FED. R. CIV. P.56(f).

The Fifth Amendment to the Constitution states that "No person shall . . . be deprived of life, liberty, or property without due process of law." Petitioner owns a valuable United States Patent that was eviscerated by the Federal Circuit without due process of law. It affirmed the grant of summary judgment without a finding by a trier of fact that the patent was not infringed.

Fed. R Civ. P. 38(a) states that "the right to trial by jury. . .shall be preserved." This court held that the issue of

whether infringement of a patent has occurred is "a question of fact, to be submitted to a jury." (*Winans v. Denmead*, 15 How. 330, 338 (1854), quoted in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996)).

The Federal Circuit has not taken the Seventh Amendment seriously in the twenty years it has existed. In retrospect, it is not surprising, because the predecessor courts to the Federal Circuit, namely, the Court of Customs and Patent Appeals and the Court of Claims never had to review jury findings in any cases they considered. Jury trials in patent cases were apparently not unusual in the Nineteenth Century, but in the Twentieth Century they were rare until fairly recently. Research into the background of the judges on the Federal Circuit indicates that no judge in the history of that court tried a patent case to a jury before ascending the bench. That also is not surprising, since few of the Federal Circuit judges have technical or patent background. See, *K. A. Moore*, Are District Court Judges Equipped to Resolve Patent Cases?, 15 Harvard J. of Law & Technology 1, 18 and 26, text at footnotes 71 and 93).

The propensity to characterize a fact issue as one of law reached a high point in the *en banc* decision in *Markman v. Westview Instruments, Inc.*, 52 F. 3d 967 (Fed. Cir. 1995). The majority held that "in a jury case, the court has the power and the obligation to construe as a matter of law the meaning of language used in the patent claim." Cases that "state that claim construction may have underlying factual inquiries that must be submitted to a jury" were overruled. Then Judge Mayer, now Chief Judge, concurred in the judgment, but found the decision "bizarre" in that it "eviscerates the role of the jury preserved by the Seventh Amendment" (52 F. 3d at 939). He found it wrong to hold "that the judge is to decide every question that arises during claim construction as a matter of law," particularly where

"obviousness is a legal conclusion with underlying factual determinations," (citing *Graham v. John Deere Co.* 383 U.S. 1, 17 (1966)). Judge Newman, in dissent, said "[p]atent infringement is a factual question. Its resolution often requires finding the factual meaning and scope of the terms of scientific art and technology and usage by which the patentee described and claimed the invention (52 F. 3d at 999.)

This Court affirmed the Federal Circuit decision in *Markman* (517 U.S. 370, 386 (1996)). The Court emphasized the quotation from *Bischoff v. Wethered*, 9 Wall. 812, 816 (1870): "*It is not the construction of the instrument, but the character of the thing invented, which is sought in questions of identity and diversity of inventions.*" This seems to emphasize that the jury, not the judge, determines "the character of the thing invented," as Judge Newman argued in dissent in *Markman* in the Federal Circuit.

It is unfortunate that the Court in *Markman*, in the very next emphasized passage, at page 388, from Robinson's Law of Patents, used the same word "character": the court gives "*to the patent its true and final character and force.*" Is the "character of the thing invented" the same as the "character of the patent"? One would think not, but the use of the same word "character" in describing the jury's function and in describing the court's function has led the Federal Circuit to continue its belief that it can decide any fact issue it wants to decide simply by characterizing it as "claim construction," which is exclusively for the judge to decide and for the Federal Circuit to second-guess, under the guise of *de novo* review. As Judge Newman's dissent in *Markham* said, "By redesignating fact as 'law', the court has eliminated the jury right from most trials of patent infringement. (52 F. 3d at 999.)

Matters are now out of hand. In another *en banc* decision after the Federal Circuit decided *Markman,* the Federal Circuit concluded, in *Cybor Corp.*, *supra*, that "the Supreme Court's unanimous affirmance in *Markman* (citation omitted) of our in banc judgment in that case fully supports our conclusion that claim construction, as a purely legal issue, is subject to *de novo* review on appeal." (138 F. 3d at 1451) The majority said that "nothing in the Supreme Court's opinion supports the view that the Court endorsed" a view "that claim construction may involve subsidiary or underlying questions of fact" (1455), Footnote 4 following that statement reads: "If this were so, surely the Supreme Court would have discussed whether subsidiary or underlying fact questions should be decided by the judge or the jury." Accordingly, because this Court did not expressly state that the jury decides facts regarding "the character of the thing invented," the Federal Circuit is convinced that it has *carte blanche* to decide any fact issues it wants, simply by calling it a claim construction fact.

The disregard of the Seventh Amendment is apparently a matter of policy at the Federal Circuit. The senior member of the panel in this case gave an address to the patent section of the District of Columbia Bar Association about the workings of the Federal Circuit in 2000. He said, according to the copy of his "remarks" sent unsolicited to The Bureau of National Affairs, Inc. for publication in the Patent Trademark and Copyright Journal (vol. 60, p, 147, 149 (2000)): "while in a particular case, one might consider that a remand rather than a reversal might be in order, we hesitate to send a case back to the district court when it is plain to us what the result will be."

This not only violates the Seventh Amendment, it is directly contrary to this Court's decision in *Markman*, where

infringement was said to be a "question of fact, to be submitted to the jury."

Humpty Dumpty said that "Glory" means "a nice knock-down argument for you." He said, "when *I* use a word . . . it means just what I choose it to mean – nothing more nor less." (Carroll, *Through the Looking Glass*, ch. 6.) The Federal Circuit, after years of litigation and huge expenditures by the parties, says that the claim has the words "to the caller" in it, or else it does not, depending on the panel. It is a fact that the words "to the caller" are not present in Appendix D. Calling the question of whether the words exist in Appendix D or not one of the "fact-based questions relating to claim construction" (*Cybor*, at 1456) does not serve to give national uniformity. On the contrary, caprice has no place in the administration of justice.

The majority in *Cybor* believed that "the Supreme Court endorsed this court's role in providing national uniformity to the construction of a patent claim, a role that would be impeded if we were bound to give deference to a trial judge's asserted factual determinations incident to claim construction" (138 F. 3d at 1455). In fact, this Court in *Markman* described claim construction as a "mongrel practice" requiring analysis of how to "preserve the substance of the common-law right as it existed in 1791" (517 U.S. at 376). Analysis includes distinguishing substance (for the jury) from procedure (for the judge), or facts (for the jury) from law (for the judge) (517 U.S. at 378). Determining "the character of the thing invented" is certainly not exclusively a task for the Federal Circuit to determine anew in each case.

Far from providing "national uniformity to the construction of a patent claim" (138 F.3d at 1455) the Federal Circuit has introduced non-uniformity, caprice, and

uncertainty. According to Moore, *supra* at 13, in *Exxon Chemical Patents, Inc. v. Lubrizol Corp.* 64 F. 3d 1553 (Fed. Cir. 1995), "the Federal Circuit rejected both parties proposed claim constructions and instead proffered its own construction of the disputed term." Judge Nies, dissenting, said that "Exxon has been deprived of a jury trial on an unasserted and untried theory. The majority decision comes out of the blue" (64 F.3d at 1569).

"Since the Federal Circuit disagrees with one in three claim constructions by district courts and most of these errors result in reversal, a high degree of uncertainty regarding outcome exists until the appeal is decided" (Moore, at 14). At pages 18-21, Professor Moore discusses two decisions of the Federal Circuit construing the term "greater than 3% elasticity" in a claim. Surely, this is an issue of fact capable of proof by documents or testimony by persons skilled in the art. However, because the Federal Circuit gives no deference to district courts, experts, or anyone else, claim construction is, ultimately, within the sole purview of the Federal Circuit after *Cybor*. Whether the accused devices had "greater than 3% elasticity" is a fact issue subsumed within claim construction in the Federal Circuit view.

In the first case involving the claim term, *CVI/Beta Ventures, Inc. v. Custom Optical Frames, Inc.*, 92 F.3d 1203 (Fed. Cir. 1996), the panel decided that the term did not mean that the eyeglass frame "must show complete recovery after a strain of greater than 3%." In the second case, *CVI/Beta Ventures, Inc. v. Tura LP*, 112 F.3d 1146 (Fed. Cir. 1997), the panel held the exact opposite, that the term "greater than 3% elasticity" meant that the frame had to make complete recovery after a strain of greater than 3%. This is not providing "national uniformity to the construction of a patent claim," as alleged in *Cybor*. Professor Moore

concludes that "the contradictory claim constructions of the exact same patent term based on the exact same supporting evidence are difficult (if not impossible) to reconcile" (Moore, at 21).

Were the two *CVI/Beta* cases decided by two different appellate courts, Supreme Court Rule 10(a) would apply. The second decision is "in conflict with the decision of another United States court of appeals on the same important matter." The matter is important because it is dispositive of both cases, not just a minor or secondary point. However, because the Federal Circuit is the sole court of appeals with jurisdiction over patent cases, it is impossible to have *CVI/Beta* cases decided by two different courts of appeal. This Court should interpret its Rule 10(a) in patent cases to extend to conflicting panel decisions of the Federal Circuit, which is the situation in the present case.

This Court should exercise its supervisory authority over the Federal Circuit under Rule 10 to provide national uniformity in patent cases.

On the second Due Process point, the Advisory Committee Note to the 1963 Amendment of Rule 56(e) states that "[w]here an issue as to a material fact cannot be resolved without observation of the demeanor of witnesses in order to evaluate their credibility, summary judgment is not appropriate." If a witness for Respondent denies in a deposition that Respondent has a display of call cost in the guest rooms of "Westin" hotels, an issue of credibility would arise. Likewise, if a witness denies that ROLM telephone equipment was used in "Westin" hotels, when Respondent has represented to the district court in response to a court order, then credibility might be an issue. However, before addressing credibility, Petitioner should

be entitled to a deposition to learn the facts regarding Respondent's hotels. The same Advisory Committee Note states that "summary judgment may be inappropriate where the party opposing it shows under subdivision (f) that he cannot at the present time present the facts essential to justify his opposition." \

Here, Petitioner sent a notice of taking the deposition of the Respondent under Fed. R. Civ. P. 30(b)(6), asking what equipment Respondent used during the relevant time period. Counsel for Respondent answered on January 11, 2002 that she would not allow a deposition, but that she would stipulate that "a card displaying standard costs" was placed in hotel rooms (Appendix G). Petitioner filed a motion to compel discovery supported by a declaration (Appendix H), but the district court denied the motion (Appendix B). The sole reason given was that counsel for Petitioner had stated five years earlier, before the Federal Circuit had rewritten the claim to add "to the caller," that Petitioner would agree to a judgment against it in order to raise the claim construction issue on appeal. Petitioner had had not opportunity to discover the facts when the proposal was made. Even though Respondent was prepared to stipulate that the guest room has a display "to the caller," the district court denied the motion for a continuance to depose the witness.

Respondent has failed to make a full disclosure of the facts. "[I]f the moving party fails to make a full disclosure of the facts, the court may refuse to grant summary judgment even though the opponent merely denies the facts on information and belief" (Wright, Miller & Kane, *Federal Practice and Procedure*, §2726). At §2741, the same authors state:

"Sufficient time for discovery is considered especially important where the relevant facts are exclusively in the control of the opposing party. Indeed, the majority of the continuances granted under Rule 56(f) involve cases in which one party has exclusive knowledge of the relevant facts. Although reasons for a greater willingness to hold the motion in abeyance in these cases seldom are articulated, courts naturally are reluctant to enter judgment when only one party has presented his version of the case."

It was held proper to defer ruling on summary judgment while discovery is conducted in *First Nat. Bank of Arizona v. Cities Service Co.*, 391 U.S. 253 (1968). That should have been the procedure followed here. It was a denial of due process to bar a deposition under Rule 56(f).

"When there is a motion before the court to compel a party seeking summary judgment to be deposed, a continuance should be granted" *Morrison Flying Service v. Dening Nat. Bank*, 340 F.2d 430 (10th Cir. 1965). The motion for a continuance under Rule 56(f) was denied and the motion to compel discovery was denied. This is some evidence that the district judge is biased against Petitioner and consistently rules against Petitioner on all matters.

## 2. THE SANCTION ORDER WAS IMPROPER.

In the present case, counsel was sanctioned under Rule 38 for pointing out the truth that "to the caller" does not appear in the claim (Appendix D). The *Intellicall* decision recognized that fact, but the later *Northern Telecom* decision did not. At page 7 of Appendix A, the Federal Circuit stated that the members of the panel

"perceive no such contradiction" between *Intellicall*, on the one hand, and *Northern Telecom* and non-precedential decisions that follow it, on the other. The word "if" in footnote 1 is seen as making the acknowledgement of the fact that the district court incorrectly used the term "to the caller" into an endorsement that the district court was correct in concluding that the display had to be "to the caller." The panel below concludes from claim 1 that "the opposite may be true," that "to the caller *should* be "part of the claim construction." Congress surely did not intend to make the Federal Circuit the final arbiter of what words mean in the infringement context of "the character of the thing invented" that the jury must determine. The words "to the caller" are not in Appendix D. No amount of claim interpretation can put them there as a matter of fact. Sanctioning a lawyer for pointing out this truth is improper.

If sanctions were imposed solely because the argument was foreclosed by circuit precedent, the sanctions were improper. "Filing an appeal was the only way petitioner could preserve the issue pending a favorable decision by this Court" *McKnight v. General Motors Corp.*, 511 U.S. 659, 660 (1994). Whether determination of infringement is a fact issue or a law issue has divided the Fifth Circuit from the Federal Circuit and whether the term "to the caller" is in claim 1 has divided panels of the Federal Circuit.

The Federal Circuit never discussed whether a card in the guest room is a digital display of cost of the toll call in dollars and cents "to the caller," as it has construed the claim. There is no evidence of record that it its not. There is not even an argument that it is not. The only argument made by the district court, and affirmed by the Federal

Circuit, is that Petitioner did not allege that the card is a "part of the call cost register means, the apparatus of which the display must be a part for infringement" (Appendix A, page 10). The allegation was made in the district court, in the court of appeals, and now in this Petition. The merits were never discussed, and the Federal Circuit merely invaded the province of the jury in deciding that the card is not "evidence that the Defendant's hotels' telephone system provide[s] callers with real-time visual digital displays depicting the cost of a call during the call" (Appendix A, page 4)

Sanctioning a lawyer for presenting evidence of infringement, even if it is not persuasive on the merits, is improper where the proffer was not frivolous. Sanctioning a lawyer for arguing that the ROLM equipment infringes, where Respondent admitted that it used ROLM equipment (Appendix A-9), is improper where discovery was denied. The Federal Circuit nowhere discusses the denial of discovery and the Rule 56(f) motion. It is not frivolous to argue that a continuance to take a single deposition was appropriate in the circumstances.

**3. THERE IS AN APPEARANCE OF IMPROPRIETY.**

Petitioner presented substantial evidence that the district judge is biased against Petitioner, and has been for over a decade. It moved for recusal of the judge under 28 U.S.C. §144 before the Chief Judge of the Southern District of Florida and before the assigned judge under 28 U.S.C. §455. Both motions were denied. On appeal in this case, the Federal Circuit said that "a pattern of adverse rulings" is not evidence of bias against the losing party, and

"it was not amiss for the district judge to have displayed irritation" with Petitioner (Appendix A-11).

The display of irritation was six years ago, in 1997, when he insisted that *Intellicall* required the display to be "to the caller" (Appendix F, page A-53) even though the case said in footnote 1 that those words are not in claim 1. At page A-55, the district judge asked "does the person making the call, is he able to see the cost accounting as it goes by?" That shows his misunderstanding of the fact that "to the caller" is not in Appendix D, the patent claim. When counsel for Petitioner explained that no claim of the patent requires a display "to the caller," and *Northern Telecom* had a "substantially instantaneous cumulative cost display in dollars and cents," the district judge exploded. He said that the Federal Circuit may eventually agree with counsel for Petitioner, "and I may be stupid, but I intend to be consistent" (Appendix F, page A-56). The Federal Circuit here not only agrees that "to the caller" is in the claim, it also states that to argue that the term is not in the claim is a "specious argument" (Appendix A, page A-11).

He has in fact been consistent, stating in every case that the display has to be "to the caller," and ignoring evidence of a card in the hotel room showing call cost in dollars and cents "to the caller." The district court has been consistent in granting an award of attorney fees to any defendant that requests such an award, whether under 35 U.S.C. §285, 28 U.S.C. §1927 or Fed. R. Civ. P. 11. Every fee charged by counsel for a defendant is deemed proper to a "prevailing party" under §285, even where Petitioner has prevailed on appeal. He has even awarded the same fees a second time on remand from the Federal Circuit, ignoring the fact that at least part of the award had

already been vacated. He has found that every dollar charged by a lawyer for any defendant is caused by Petitioner's counsel "unreasonably and vexatiously" multiplying the proceedings under §1927, even though Petitioner did nothing but respond to motions by the court *sua sponte* and by Respondent and other defendants.

The district court dismissed cases against approximately fifty defendants, including Respondent, on its own motion on the ground that the complaints failed to allege that the defendants had displays "to the caller." All of those orders were reversed by the Federal Circuit.

The district court has found every case to be "exceptional" under 35 U.S.C. §285, merely because the motion for attorney fees is against Petitioner. He has found in every case where raised that counsel for Petitioner has violated Rule 11 simply because he did not dismiss all cases after *Northern Telecom* was decided.

At the same hearing in 1997, the district court exploded a second time, when counsel explained that "substantially instantaneous" does not mean "during the call (Appendix F, page A-56). He said "Counsel, you just lost all credibility with me right there when you say that instantaneous does not mean during the call" (*id.*). When counsel for Petitioner pleaded "Please, hear me out, your honor," the court said: "Counsel, we are wasting our time even talking, I think. Do any other counsel want to be heard on this issue?" (Page A-57.) The district judge has never ruled in favor of Petitioner since 1997, even after being reversed by the Federal Circuit. He concluded the hearing with the observation that Petitioner had filed the cases "in bad faith"(pages A-57-58), even though there was no evidence of bad faith offered by anyone.

The district court admitted that it did not "write a single word of that opinion" in *Northern Telecom* (page A-58). This fact distinguishes this case from *Kohle, supra,* at page 1323, where the Fifth Circuit found that the findings proposed by the prevailing party were proper. The argument was made that there was "heavy reliance upon the proposed findings Eastman submitted to the court. We note first that the District court did not adopt Eastman's findings verbatim. There was considerable rewriting of Eastman's proposed findings." Here, a long narrative opinion was prepared by counsel for Northern Telecom, not proposed findings of fact. In a jury case, findings of fact cannot be made under Rule 52. That it was adopted verbatim is some evidence that the district court only wanted Petitioner to lose, and it did not matter how that result was reached.

These facts objectively show that the behavior of the district court gives the "appearance of impropriety." "The very purpose of [28 U.S.C.] §455(a) is to promote confidence in the judiciary by avoiding even the appearance of impropriety wherever possible. . . . Thus, it is critically important in a case of this kind to identify the facts that might reasonably cause an objective observer to question Judge Collins' impartiality." (*Liljeberg v. Health Services Acquisition Corp.*, 486 U.S. 847, 865 (1988)). The foregoing recitation of facts might reasonably cause an objective observer to doubt his impartiality.

The Federal Circuit made no effort to analyze the facts showing the appearance of impropriety, and found it perfectly proper to insist that *Intellicall* required a display "to the caller."

## CONCLUSION

For the foregoing reasons, a writ of certiorari should issue to correct the errors below.

Dated: May 8, 2003

Respectfully submitted,

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APPENDIX A

**United States Court of Appeals for the Federal Circuit**

02-1314

PHONOMETRICS, INC.,

Plaintiff-Appellant,

v.

WESTIN HOTEL CO.,

Defendant-Appellee.

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DECIDED: February 12, 2003

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Before LOURIE, SCHALL, and BRYSON, Circuit Judges.

PER CURIAM.

Phonometrics, Inc. Appeals from the decision of the United States District Court for the Southern District of Florida granting Westin Hotels Co. summary judgment of noninfringement of Phonometrics' United States Patent 3,769,463. Phonometrics, Inc. v. Westin Hotel Co., No. 94-6504-CV (S.D. Fla. Feb. 26, 2002). We affirm. Furthermore, we order Phonometrics and its attorney, John P. Sutton, jointly and severally, to pay Westin $3,000.00 as a sanction for making frivolously unmeritorious arguments before this court.

## BACKGROUND

This is one of many appeals brought to this court by Phonometrics in its attempts to enforce the '463 patent. Because the '463 patent has been discussed extensively in other opinions, we set forth only the most essential background here. For additional information, the reader can consult the decisions cited below.

Claim 1 of the '463 patent reads in relevant part:

> 1. An electronic solid state long-distance telephone call cost computer apparatus . . . comprising:
>
> ***
>
> call cost register means, including a digital display, for providing a substantially instantaneous display of cumulative call cost in dollars and cents;
>
> ***.

'463 patent, col. 8, ll. 23-43. In Intellicall, Inc. v. Phonometrics, Inc., 952 F.2d 1384, 21 USPQ2d 1383 (Fed. Cir. 1992), we affirmed the district court's construction of the phrase "digital display" in that claim. In doing so, we stated:

> The district court properly . . . found no support for a construction of "digital display" which would encompass either machine readable or human readable devices, nor for a construction that an "instantaneous [digital] display" includes information given to a computer for later access.1 We agree.
>
> 1 In some instances the district court stated that the display was "to the caller."

> Appellant asserts that the court thereby added a limitation to the claim. If this was an error, and we are not persuaded that the court intended to so restrict the claim when the restriction was not necessary to its discussion, the error would be harmless. The claim in any event does not encompass machine readable information.

Id. at 1388, 21 USPQ2d at 1387 (alteration in original (emphasis added). Several years later, in Phonometrics, Inc. v. Northern Telecom Inc., 133 F.3d 1459, 45 USPQ2d 1421 (Fed. Cir. 1998), we explained that the scope of the above pronouncement was limited to the phrase "digital display" only:

> The issue in Intellicall was whether the limitation "digital display" meant only visual display or also encompassed machine readable information. The district court held, and we agreed, that the limitation "digital display" does not include machine readable devices, or information given to a computer for later access. Any construction of other limitations in claim 1 . . . that we or the district court made in Intellicall was merely dictum, and therefore has no issue preclusive effective for this appeal.

Id. at 1464, 45 USPQ2d at 1425. We went on in Northern Telecom to construe the phrase "substantially instantaneous" to mean that the call cost register means "provide[s] accurate cost information while the call progresses as well as total costs information once the call has ended," id. at 1467, 45 USPQ2d at 1428, rather than just providing accurate cost information immediately upon

termination of the call, as Phonometrics had contended, id. at 1465, 45 USPQ2d at 1426.

In the next appeal of significance to this case, Phonometrics, Inc. v. Choice Hotels International, Inc., 21 Fed. App. 910 (Fed. Cir. 2001) (nonprecedential), we reiterated the claim construction provided in Northern Telecom and rebuked Phonometrics' "baffling" contention that our earlier claim construction was dictum. Id. at 911. Furthermore, we warned that "we would not welcome further appeals seeking to re-litigate the meaning of that phrase ['substantially instantaneous']" and that "further appeals on that issue would appear to be subject to possible sanctions as frivolously filed under Fed. R. App. P. 38." Id. at 912.

Finally, just one month before this appeal was argued, we summarily affirmed the district court's judgment in another Phonometrics appeal: Phonometrics, Inc. v. ITT Sheraton Corp., 50 Fed. App. 992 (Fed. Cir. 2002) (nonprecedential order entered pursuant to Fed. Cir. R. 36). In that appeal, Phonometrics made many of the same arguments as it now makes in this appeal.

In the events leading up to this particular appeal, the district court granted summary judgment of noninfringement to Westin on the ground that there was no genuine issue of material fact that Westin's guest room telephones did not include a "digital display," as that phrase has been construed by this court in Northern Telecom and reiterated in Choice Hotels. Phonometrics Inc. v. Westin Hotel Co., No. 94-6504-CV, slip op. at 8 ("[Phonometrics] has provided no evidence that the Defendant's hotels' telephone system provide callers with real-time visual digital displays depicting the cost of a call during the call, as is required under the '463 patent as defined by the

Federal Circuit."). The court rejected Phonometrics' contention that a printed paper notice that indicates the fixed cost of a local call in a guest room can be the "digital display" recited in the claim. Id. at 7-8.

Phonometrics has appeals yet again, raising the same issues as in the earlier cases. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

We review a district court's grant of summary judgment de novo, reapplying the same standard used by the district court. Ethicon Endo-Surgery, Inc. v. U. S. Surgical Corp., 149 F.3d 1309, 1315, 47 USPQ2d 1272, (Fed. Cir. 1998). Summary judgment is appropriate "if the pleadings, depositions, answers to interrogators, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). "The evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255 (1986).

A determination of patent infringement requires a two-step analysis. "First, the court determines the scope and meaning of the patent claims asserted . . . [Second,], the properly construed claims are compared to the allegedly infringing device." Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1454, 46 USPQ2d 1169, 1172 (Fed. Cir. 1998) (en banc) (citations omitted). Step one, claim construction, is an issue of law, Markman v. Westview Instruments, Inc., 52 F3d 967, 970-971, 34 USPQ2d 1321, 1322 (Fed. Cir. 1995) (en banc), aff'd, 517 U.S. 370 (1996), that we review de novo, Cybor, 138 F.3d at 1456, 46 USPQ2d at 1172. Step two, comparison of the claim to the accused device, requires a determination that every claim limitation or its

equivalent is found in the accused device. Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 29 (1997). Those determinations are questions of fact. Bai v. L & L Wings, Inc., 160 F.3d 1350, 1353, 48 USPQ2d 1674, 1676 (Fed. Cir. 1998).

Phonometrics now argues, much as it did in its recent appeal against ITT Sheraton, that this court's opinions in Intellicall and Northern Telecom are in conflict regarding whether the recited "digital display" must be "to the caller." According to Phonometrics, footnote 1 of Intellicall correctly held that the phrase "to the caller" cannot be part of the construction of the relevant claim limitation, whereas Northern Telcom impermissibly imported that limitation into the claim when it stated that the recited "digital display" "provides the caller with real time, accurate information about the cost of the call." N. Telecom, 133 F.3d at 1464, 45 USPQ2d at 1426. Phonometrics contends in the alternative, that even if the "digital display" must be "to the caller," there are genuine questions of material fact whether Westin's telephone systems meet that limitation on two grounds: first, whether Westin utilized telephones that had the capability to display cost information; second, whether Westin provided a printed notice in its guest rooms indicating the per call flat rate for local calls, thereby meeting the claim limitations. Phonometrics also makes various other arguments, including questioning whether the phrase "substantially instantaneous" means "during the call," and contending that the district judge was biased against Phonometrics.

Westin responds that Phonometrics is attempting to re-argue aspects of claim construction that have been conclusively decided in Intellicall and Northern Telecom. Westin also contends that summary judgment of noninfringement was proper because no evidence casts

doubt upon the fact that all Westin call cost accounting systems during the time of the alleged infringement lacked a visual display of call cost—at any time, during or after the call. Westin also contends that Phonometrics' bias argument is improper, as Phonometrics has not appealed the district court's denial of its motions to disqualify the district judge.

Finally, Westin submits that this appeal is frivolous and seeks sanctions against Phonometrics. Phonometrics responds by repeating its arguments that Intellicall and Northern Telecom are irreconcilable, and that Choice Hotels cannot resolve that difference because the Choice Hotels opinion is nonprecedential.

Turning first to the alleged contradiction between the decisions on claim construction in Intellicall and Northern Telecom, we perceive no such contradiction. Phonometrics' contention that there is a conflict is premised upon its reading of footnote 1 in Intellicall as pronouncing that it would be erroneous to include a "to the caller" limitation in the construction of the phrase "digital display." We disagree with that reading. Footnote 1 clearly does not state that such a construction would be erroneous. Phonometrics has apparently overlooked the word "if" and the final sentence in footnote 1, which read, "If this was an error, . . . the error would be harmless. The claim in any event does not encompass machine readable information." Intellicall, 952 F.2d at 1389, n.1, 21 USPQ2d at 1383 no.1 (emphasis added). Rather than suggesting that "to the caller" should not be part of the claim construction, as Phonometrics contends, footnote 1 actually indicates that the opposite may be true, as the opinion clearly holds that the display must be human readable—not merely machine readable. Phonometrics' creative reading of the cases is thus wholly without merit.

Moreover, even if the Intellicall panel had believed that the claim did not include a "to the caller" limitation, any expression of that belief was, as the Northern Telecom opinion states, dictum, as it was not essential to the holding in that case.

Also wholly lacking in merit is Phonometrics' suggestion that the claim phrase "substantially instantaneous" does not mean "during the call" We clearly held that the phase is to be construed as referring to the time during the call and at the termination of the call. We held so expressly not just once, N. Telecom, 133 F.2d at 1467, 45 USPQ2d at 1428, but twice, Choice Hotels, 21 Fed. App. At 911.* (We also summarily rejected Phonometrics' contrary suggestion in ITT Sheraton.) Phonometrics' persistence in pursuing this argument is again baffling and, worse, in violation of our admonition against "further appeals seeking to re-litigate the meaning of that phrase." Id. at 912. True to our warning and pursuant to Federal Rule of Appellate Procedure 38, we therefore sanction Phonometrics and order payment of $3,000.00 to Westin Hotels, who has had to respond to arguments that defy any reasonable reading of relevant cases. Because we know not where the blame for Phonometrics' litigation tactics lies, we direct the sanction to Phonometrics and its attorney, Mr. Sutton, jointly and severally.

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* Phonometrics' contention that Choice Hotels can be ignored because it is a nonprecedential opinion is contrary to a long-standing practice and the plain text of Federal Circuit Rule 47.6(b). See Fed. Cir. R. 47.6(b) (2001). ("This rule does not preclude assertion of claim preclusion, issue preclusion, judicial estoppel, law of the case, or the like based on a decision of the court designated as nonprecedential."); see also Burke, Inc. v. Bruno Indep. Living Aids, Inc., 183 F.3d 1334, 1337-38, 51 USPQ2d 1295, 1297-98 (Fed. Cir. 1999).

Regarding the district court's grant of summary judgment, because the claim phrase "substantially instantaneous" unquestionably refers to the time during and immediately after a call, we review the court's grant under that claim construction. The district court found no genuine issues of material fact that Westin's call accounting system does not meet that limitation as construed. Phonometrics argues that two pieces of evidence raise such a genuine issue under that claim construction. First, Phonometrics argues that Westin utilized a ROLM telephone called the ROLMphone 400, which has the capability of displaying cumulative call cost. The district court's opinion does not mention that evidence, and Westin contends that Phonometrics has cited that evidence for the first time on appeal and that we should therefore not consider it. In reply, Phonometrics contends that, while it is improper to raise new issues on appeal, it is appropriate to present new evidence relevant to an issue already raised below. Phonometrics is mistaken. We, as a court of review, generally do not consider evidence that has not been considered by the district court. Toxgon Corp. v. BNFL, Inc., 312 F.3d 1379, 1384-85, 65 USPQ2d 1146, 1150 (Fed. Cir. 2002). Moreover, even if we were to consider that evidence, we would find it to be insufficient to defeat summary judgment. While Westin admits to using some ROLM equipment during the time of the alleged infringement, and while Phonometrics' belatedly cited evidence shows that one model of ROLM telephones had a cumulative cost display feature, Phonometrics has failed to produce any evidence that Westin used the particular model that contains that feature or even that that model existed at the time of the alleged infringement.

Secondly, Phonometrics argues that Westin's use of printed paper notices in hotel rooms stating the fixed per-

call cost of local calls reads on the claim's "digital display." The district court rejects that contention on the ground that such notices "are not even alleged to be part of the call cost register means, the apparatus of which the display must be part for infringement." Phonometrics v. Westin Hotel, No. 94-6504-CV, slip op. at 8. We affirm the district court's decision on that matter.

Finally, we turn to the issue of bias. Phonometrics brief before this court is replete with allegations of bias by the district judge. As evidence of that alleged bias, Phonometrics points to the facts that the district judge (1) ruled against it on every issue; (2) awarded attorney fees every time a defendant sued by Phonometrics has requested them; (3) insisted on adopting a consistent claim construction; and (4) disagreed with Phonometrics' proffered construction of the phrase "substantially instantaneous" after our decision in Intellicall. Westin responds that Phonometrics has failed to appeal from the court's decision denying its motion to disqualify himself on the ground of bias, and there we therefore cannot reach the bias issue.

We disagree with Westin regarding reviewability. However, we conclude that Phonometrics' bias argument fails on the merits. Under the law of the Eleventh Circuit, the pertinent law on this recusal issue, see Baldwin Hardware Corp. v. Franksu Enter, Corp., 78 F.2d 550, 556, 37 USPQ2d 1829, 1832 (Fed. Cir. 1996), a district court's refusal to recuse may be raised in an appeal from the final judgment and is reviewed for an abuse of discretion, Diversified Numismatics, Inc. v. City of Orlando, 949 F.2d 382, 384 (11th Cir. 1991) (citations omitted). Thus, the issue of bias is properly before us. On the merits, the Eleventh Circuit's test for recusal is "whether an objective, disinterested, lay observer fully informed of the facts

underlying the grounds on which recusal was sought would entertain a significant doubt about the judge's responsibility." Id. (quoting Parker v. Connors Steel Co., 855 F.2d 1510, 1524 (11th Cir. 1988)). In this case, we discern no abuse of discretion in the district court's refusal to recuse himself. The district judge's actions appear to have properly addressed the issues before him. A consistent interpretation on an issue that a litigant persists in raising is hardly evidence of bias; nor is a pattern of adverse rulings, by itself, evidence of bias against the losing party. Under the circumstances, it was not amiss for the district judge to have displayed irritation with Phonometrics' repeated specious arguments, as the record reflects.

Phonometrics has raised a number of other arguments in this appeal. Although we have not discussed each one, we have carefully considered all of them and find them to be unpersuasive. Lest there be any misunderstanding this time, we reinforce our earlier caution to Phonometrics that attempts to re-litigate issue decided in this or any of the previous appeal will be sanctioned more severely.

## CONCLUSION

Under the claim construction previously decided by this court, we conclude that there are no genuine issues of material fact that Westin does not infringe the '463 patent. Because Phonometrics' claim construction arguments to the contrary are frivolous, we sanction Phonometrics and Mr. Sutton jointly and severally in the amount of $3,000.00, payable to Westin. We also perceive no abuse of discretion in the district court's refusal to recuse himself on the ground of bias. Accordingly, the district court's grant of summary judgment in favor of Westin is AFFIRMED.

**PUBLISHER'S NOTE:**

Page(s) A-12 missing in original.

APPENDIX B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH

Case No. 94-6504-CV-RYSKAMP

PHONOMETRICS, INC.,
a Florida Corporation,

Plaintiff,

-vs.-

WESTIN HOTEL CO.,
a Delaware Corporation,

Defendant.
_____/

**ORDER DENYING PLAINTIFF'S MOTION TO COMPEL DISCOVERY**

This Cause is before the Court upon Plaintiff's Motion to Compel Discovery **[DE 116]**, filed January 16, 2002. In its motion, Plaintiff argues that it "knows that Westin hotels have displays of the cost of local calls in each guest room to notify the guest while the call is in progress of the cost of the call." In support of its motion, Plaintiff's counsel submits an affidavit in which counsel states that agents have seen "digital displays of cost of collars and cents in hotel rooms to indicate to the hotel guest the cost of each call as the call is in progress." These

statements by Plaintiff and its counsel directly contradict prior representations made to this Court. In a February 10, 1997 Response to Omnibus Order, Plaintiff stated that if "during the call" must modify the claim element of a display, no Defendant would infringe upon Plaintiff's patent. Further, in a Hearing held before this Court on February 13, 1997, Plaintiff's counsel stated that no defendant has "a display to the caller during the call in progress." Because Plaintiff and its counsel have previously represented to this Court that Defendant does not have a display indicating the cost of the call to the caller during the call, this Court finds any further discovery in this case to be unjustified. Accordingly, it is hereby

ORDERED AND ADJUDGED that Plaintiff's Motion to Compel **[DE 116]**, filed January 16, 2002, is **DENIED**.

DONE AND ORDERED in Chambers at West Palm Beach, Florida, this 6 day of February, 2002.

KENNETH L. RYSKAMP
UNITED STATES DISTRICT JUDGE

Copies provided:
Jill N. Berman, Esq.
Paul J. Lawrence, Esq.
Nicholas L. Coch, Esq.
John P. Sutton, Esq.

APPENDIX C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH

Case No. 94-6504-CV-RYSKAMP

PHONOMETRICS, INC.,
a Florida Corporation,

Plaintiff,

-vs.-

WESTIN HOTEL, CO.,
a Delaware Corporation,

Defendant.
_____/

**ORDER GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT**

THIS CAUSE is before the Court upon Defendant's Motion for Summary Judgment **[DE 97]**, filed March 19, 2001. Defendant's Motion for Summary Judgment is now ripe for adjudication.

## I. BACKGROUND

On June 1, 1994, Plaintiff filed its complaint **[DE 1]** against Defendant alleging patent infringement pursuant to 35 U.S.C. § 100, *et seq.* (Compl. ¶ 1). Plaintiff's suit stems from its now-expired patent, United States Patent Number 3,769,463 ("'463 Patent"), issued October 30, 1973, to

Philip Graham and Lawrence Reich and entitled "Electronic Long Distance Telephone Call Computer and Recorder." (Compl. ¶ 8.) Claim 1 of the '463 patent requires, among other things, a "call cost register means, including a digital display, for providing a substantially instantaneous display of cumulative call cost in dollars and cents." Plaintiff alleges that Defendant is using internal telephone equipment to calculate, display, and record the cost of long distance telephone calls originating within its hotels. (Compl. ¶ 10.) Defendant's use of this equipment, Plaintiff claims, infringes upon the '463 Patent because it allows Defendant to, among other things, display information as to the costs of individual calls or multiple calls and store and record this data within a cumulative multi-call register. (Compl. ¶¶ 14-16). Because Plaintiff's patent expired on October 30, 1990, it seeks only to recover damages for the period of time prior to expiration. (Compl. ¶ 18.)

As described in the Plaintiff's patent itself, the invention permits a caller to set and store the long-distance changes applicable to a particular call and to visually monitor those costs in increasing dollars and cents while the call is in progress. The invention may also be set to indicate elapsed time and to cumulatively indicate the costs of all calls made during a given period of time. (Patent-in-suit, col. 1, lines 37-39). In order to provide this visual display of costs while the call is in progress, the invention includes a digital display which, according to the patent-in-suit, has two functions: 1) to display the cumulative cost of a single call "to continuously remind the caller as to the cost of the call as the call progresses, and 2) to indicate the total cost of the call at completion." (Patent-in-suit, col. 3, lines 27-31). The apparatus thus performs two basic functions: continuous real-time display of the present call's

costs to the caller, and a report of the cumulative cost upon the call's completion.

In its opinion Phonometrics, Inc. v. Northern Telecom Inc., 133 F.3d 1459 (Fed. Cir. 1998), the Federal Circuit went into great detail evaluating the scope of the '463 patent. Specifically, the Federal Circuit restated its previous holding from Phonometrics, Inc. v. Intellicall, 952 F.3d 1384, 1387-88 (Fed. Cir. 1992), that the patent's required "digital display" does not include machine readable devices that merely save call information on a computer for later access. Northern Telecom Inc., 133 F.3d at 1464. The Federal Circuit also held: 1) "substantially instantaneous display of cumulative call cost in dollars and cents" means "functions to display current, accurate information about the costs of a call" that is displayed for costs "as they accrue, in real time, and not only once the call has ended;" 2) the patent requires that "the costs displayed in the register must be accurate at all times during the call, so that regardless of the point at which the call is terminated, the cumulative cost displayed in the register will be accurate, without further calculation;" and 3) any real-time information provided by the equipment must be provided to "the caller." Id. at 1464-65. In sum, the Federal Circuit found that the following is required for Plaintiff to maintain a patent infringement suit with respect to the '463 Patent: [A] device which displays the cumulative costs of a long distance call both as charges accrue and after the call has been terminated." Id. at 1466.

On March 19, 2001, Defendant filed its Motion for Summary Judgment. **[DE 92]**. This motion was reinstated on February 6, 2002. In its motion, Defendant asserts that it is entitled to summary judgment because its telephone systems do no possess all of the required elements of the '463 patent. Defendant asserts, among other things, that: 1)

its hotels do not use equipment that provides the cost of long distance calls in real-time displays, but rather use equipment that computes such costs at the end of the call; and 2) its hotels do not provide the costs on a visual digital display, but rather provide the costs only on machine readable devices and computers.

Plaintiff's Response **[DE 125]**, filed on February 15, 2002, contends that summary judgment may not be granted because Defendant's equipment does contain each element required in the '463 patent. Plaintiff argues that it is erroneous to require the costs to be displayed during the calls. Plaintiff also argues that Defendant's hotels' displays of fixed costs for placing local calls may be classified as digital displays for the purposes of infringement.

On March 19, 2001, this Court stayed all Phonometrics cases pending the resolution of Plaintiff's appeal of a grant of summary judgment in favor of Defendant Choice Hotels International and denied this motion as moot. **[DE 95]**. The Federal Circuit recently affirmed this Court's grant of summary judgment in favor of Choice Hotels and further emphasized the claim construction articulated in Intellicall and Northern Telecom. See Phonometrics, Inc. v. Choice Hotels Int'l. Inc., No. 01-1045, (slip op.) (Fed Cir. October 9, 2001) (stating that "future panels like the present panel will follow the claim construction set forth by our court in the two decisions [Intellicall and Northern Telecom]"). After the Federal Circuit re-affirmed the claim construction of the '463 patent set out in Intellicall and Northern Telecom, Plaintiff indicated that he would continue to pursue this case **[DE 106]** , and on November 27, 2001, this Court released the stay of all Phonometrics cases for the sole purpose of hearing the motions for summary judgment **[DE 107]**. On February 6, 2002, **[DE 122]**, this Court reinstated

Defendant's Motion for Summary Judgment. Since Defendant had withdrawn its request for sanctions, this Court denied as moot the Motion for Sanctions, filed as part of Defendant's Motion for Summary Judgment.

## II. LEGAL STANDARD FOR SUMMARY JUDGMENT

Federal Rule of Civil Procedure 56(c) sets forth the standard governing summary judgment. In its most basic form, summary judgment is appropriate where there is no genuine issue of material fact in dispute and the moving party is entitled to judgment as a matter of law. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247-248 (1986) ("the mere existence of *some* alledged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no *genuine* issue of *material* fact." (emphasis in original). An issue of fact is material if it might affect the outcome of the suit under the governing law. Id, at 248. An issue of material fact is genuine "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party. Id.

The party seeking summary judgment bears the initial burden of demonstrating the absence of a genuine issue of material fact. Adickes v. S.H. Kress & Co., 398 U.S. 144, 157 (1970). Once the moving party has met its burden, the party opposing the summary judgment may not simply rely on the pleadings or mere denials of the allegations. Rather, the opposing party must adduce some evidence showing that material facts are in issue. Anderson, 477 U.S. at 256. "Rule 56(c) therefore requires a non-moving party to go beyond the pleadings and by [its] own affidavits or by the depositions, answers to interrogatories, and admissions on file designate specific facts showing that

there is a genuine issue for trial." Celotex Corp. v. Catrett, 477 U.S. 317, 324 (1986); See also Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 587 (1986).

The Eleventh Circuit has restated the method for allocating burdens in a summary judgment motion. Specifically, in accordance with U.S. Supreme Court precedent,

> The moving party bears the initial burden to show the district court, by reference to materials on file, that there are no genuine issues of material fact that should be decided at trial. Only when that burden has been met does the burden shift to the non-moving party to demonstrate that there is indeed a material issue of fact that precludes summary judgment.

Clark v. Coats & Clark., Inc., 929 F.2d 604, 608 (11th Cir. 1991).

## III. DISCUSSION

Although patent infringement analysis may involve questions of both law and fact, summary judgment may still be proper where there is no genuine issue of material fact. See Nike Inc. v. Wolverine World Wide, Inc., 43 F.3d 644, 646 (Fed. Cir. 1994). In order to prove patent infringement, the patent owner must show that "every limitation set forth in a claim must be found in an accused product or process exactly or by a substantial equivalent." Johnston v. IVAC Corp., 885 F.2d 1574 (1577 (Fed. Cir. 1989). Where the evidence concerning the structure and operation of an accused device is not refuted, summary judgment may be properly granted. See Northern Telecom, 133 F.3d at 1464.

In the instant case, for the reasons stated below, no issue of material fact exists with respect to whether Defendant used telephone equipment that infringed upon the '463 Patent, and summary judgment in favor of Defendant is therefore proper.

The Federal Circuit has clearly stated that the '463 Patent requires that the device provide "the caller with real time, accurate information about the costs of the call via digital display as the long distance charges accrue during the call." Id. at 1465. The Federal Circuit has also clearly stated that the required "digital display" must be visual and may not be machine readable devices or computers that merely store the information for access. Id. at 1464; Intellicall, 952 F2d at 1387-88.

Defendant has put forth evidence that the telephone systems used by Defendant do not have the required elements of the '463 patent as specified by the Federal Circuit. According to Defendant's evidence, the telephone systems used by Defendant do not display to the caller the costs of a telephone call, or any portion thereof, during such a call; rather, in Defendant's telephone systems, costs of long-distance telephone calls are generated only upon termination of the call, at which time a data stream is forwarded to the call accounting computer system where the cost of the call is calculated and stored for later access. (Affid. Of Howell ¶ 12.) Furthermore, Defendant's evidence provides that the cost information generated by Defendant's telephone systems is never displayed on visual "digital displays," but rather is stored in machine readable devices and computers. (Id. ¶ 11, Ex.2.)

In the instant case, there is no dispute of material fact with respect to the question of whether Defendant hotels' telephone systems provide callers with real-time

visual digital display in which the caller can track the cost of a call in dollars and cents while the call is in progress. Never does Plaintiff allege that Defendant's guests have a real-time visual display of long-distance costs, nor does the Court have before it any facts to support such a contention. Instead, Plaintiff attempts to argue that it does not need to show a real time visual display in order to withstand summary judgment. Plaintiff's argument is flawed. The Federal Circuit made it quite clear in Northern Telecom that Phonometrics's patent does indeed require real-time visual displays of the running costs of calls to the callers during the call. Not only does this Court agree with the Federal Circuit's interpretation, it is bound by it, as was recently emphasized in Choice Hotels Inc. Plaintiff also attempts to argue that the display of fixed costs for local calls may be a real-time visual display that meets the '463 patent claim interpretation. However, the notices displayed in hotel rooms stating the fixed costs for local calls are not even alleged to be part of the call cost register means, the apparatus of which the display must be part for infringement.

This Court's consideration of Defendant's Motion for Summary Judgment is simple. Defendant has provided no evidence that Defendant's hotels' telephone systems provide callers with real-time visual digital displays depicting the cost of the call during the call, as is required under the '463 patent as defined by the Federal Circuit. Since there is no dispute of material fact with respect to whether Defendant's telephone systems contain a required element of the '463 patent, there can be no infringement as a matter of law. Summary judgment must therefore be granted in favor of Defendant and against Plaintiff.

## IV. CONCLUSION

For these reasons stated above, and upon review of the pertinent portions of the record, it is hereby:

ORDERED AND ADJUDGED that Defendant's Motion for Summary Judgment **[DE 97]**, filed March 19, 2001, is **GRANTED**. Final Judgment shall be entered by separate order.

DONE AND ORDERED in Chambers in West Palm Beach, Florida, this 26th day of February, 2002.

KENNETH L. RYSKAMP
UNITED STATES DISTRICT JUDGE

Copies to:
John P. Sutton, Esq.
Jill N. Berman, Esq.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH

Case No. 94-6504-CV-RYSKAMP

PHONOMETRICS, INC.,
a Florida Corporation,

Plaintiff,

-vs.-

WESTIN HOTEL CO.,
a Delaware Corporation,

Defendant.
_____/

**FINAL JUDGMENT**

THIS CAUSE comes before the Court upon this Court's Order Granting Defendant's Motions for Summary Judgment. Considering this Court's order, an entry of final judgment is now appropriate. It is therefore

ORDERED AND ADJUDGED that **FINAL JUDGMENT** be and the same is **HEREBY ENTERED** for Defendant and against Plaintiffs. The Clerk of the Court shall **CLOSE THE CASE** and **DENY** all pending motions as **MOOT**. This Court reserves jurisdiction to consider motions for attorneys fees and costs and any other post-judgment motion.

DONE AND ORDERED in Chambers at West Palm Beach, Florida this 26th day of February, 2002.

KENNETH L. RYSKAMP
UNITED STATES DISTRICT JUDGE

Copies to:
John P. Sutton, Esq.
Jill N. Berman, Esq.

# APPENDIX D

United States Patent 3,769,463
Graham et al. Oct. 30, 1973

***

We claim:

1. An electronic solid state long-distance telephone call cost computer apparatus for computing and recording the cost of each long-distance telephone call initiated from a given calling telephone, actuated by the lifting and replacement of the calling telephone to operate switch means coupled to the calling telephone, and further actuated by a call-completion signal generated in the telephone system when a called party answers at a called telephone, the computer apparatus comprising:

call timing means for timing the duration of each completed call;

settable charge selector means for storing initial fixed charge data for a given predetermined initial call interval and incremental charge data for subsequent additional predetermined incremental call intervals;

call cost register means, including a digital display, for providing a substantially instantaneous display of cumulative call cost in dollars and cents;

and computer circuit means, coupled to said switch, to said timing means, to said charge selector means, and to said call cost register means, for automatically recording, in the call cost register means, the cost of each long-distance call made from the calling telephone, said computer circuit means comprising:

reset means for resetting said timing means and said

call cost register means immediately upon occurrence of said call-completion signal;

initial cost transfer means initiating operation of said call timing means and for applying the complete initial fixed charge data from said charge selector means to said call cost register means substantially instantaneously upon resetting of said call timing means and said call cost register;

incremental cost transfer means for applying the complete incremental charge data from said charge selector means to said call cost register means substantially instantaneously upon completion of timing out the initial call interval by said call timing means and for again applying the complete incremental charge data from said charge selector means to said call cost register means substantially instantaneously upon completion of timing out of each incremental call interval following said initial call interval;

and termination means for interrupting operation of said computer apparatus, with the cumulative call cost held in and displayed by said call cost register means, upon operation of said switch by replacement of the calling telephone.

APPENDIX E

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

| | | |
|---|---|---|
| PHONOMETRICS, INC., a Florida Corporation, | : | CASE NO.: 93-6561-CIV RYSKAMP |
| Plaintiff, | : | |
| v. | : | |
| NORTHERN TELECOM INC., a Delaware Corporation, UNITED TELEPHONE COMPANY OF FLORIDA, a Florida Corporation, and SPRINT CORPORATION, a Kansas Corporation. | : | |
| Defendants. | : | |

ORDER GRANTING MOTION BY DEFENDANTS NORTHERN TELECOM INC. AND UNITED TELEPHONE COMPANY OF FLORIDA FOR SUMMARY JUDGMENT OF NON-INFRINGEMENT

INTRODUCTION

THIS CAUSE came before the Court upon Motions by Defendants Northern Telecom Inc. ("NTI") and United Telephone Company of Florida ("United") for, *inter alia*, Summary Judgment of Non-Infringement. The Court

having considered the submissions of the parties and the arguments of counsel at a hearing held on June 29, 1995, and having determined that it should grant summary judgment of non-infringement, now rules with respect thereto as follows:

## BACKGROUND AND PROCEDURAL HISTORY

The present patent infringement action was commenced by plaintiff Phonometrics, Inc. ("Phonometrics") on or about July 8, 1993, with a Complaint alleging that NTI and United infringed Phonometrics' U.S. Patent No. 3,769,463 ("the '463 patent"). The '463 patent is entitled "Electronic Long-Distance Telephone Call Computer And Recorder" and was granted by the United States Patent and Trademark Office on Oct. 30, 1973. On or about August 26, 1994, Phonometrics amended its complaint to name Sprint Corporation ("Sprint") as an additional defendant.

In accordance with 35 U.S.C. § 286, the relevant time period for liability for products accused of infringement herein began six years prior to the date of filing of the Complaint in this action (July 8, 1987) and terminated with the expiration of the '463 patent (October 30, 1990).

NTI manufactures and sells telephone switching apparatus including private branch exchanged ("PBX's") and key systems units ("KSUs"). PBXs are complex, high-speed switching devices which provide interconnections between large numbers of telephone lines, trunks and other systems, typically providing large-scale telephone service at a user's location. KSUs have functions similar to those of PBXs but on a smaller scale. United sells NTI PBXs

and KSUs sometimes coupled with third party call accounting products such as those made by Moscom Corp.

Phonometrics has not charged defendants NTI or United with inducement or contributory infringement. (*See* Reich Rule 30(b)(6) Deposition Transcript, pp. 334-336 and Phonometrics' Supplemental Response to Interrogatory No. 4.)

Phonometrics concedes that products made and sold by NTI and/or United during the relevant time period did not literally infringe the claims of the '463 patent. (6/29/95 Hearing Transcript, p. 2.) Accordingly, this Court finds at the outset that NTI and United are entitled, without opposition, to summary judgment of non-infringement with respect to literal infringement of the '463 patent.

Therefore, the sole question presented to the Court is whether the accused products infringe the asserted claims of the '463 patent under the Doctrine of Equivalents.

## STANDARDS FOR SUMMARY JUDGMENT AND LAW WITH RESPECT TO NON-INFRINGEMENT

Rule 56(c), Fed.R.Civ.P., requires that summary judgment "shall be rendered forthwith if ... there is no genuine issue as to any material fact and ... the moving party is entitled to a judgment as a matter of law."

The Supreme Court has stated that, [i]n our view, the plain language of Rule 56(c) mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which the party will bear the burden of proof at trial." ***Celotex Corp. v. Catrett***, 477

U.S. 317, 323-24 (1986). Summary judgment is appropriate where there is no genuine issue of material fact in dispute. ***Anderson v. Liberty Lobby, Inc.***, 477 U.S. 242, 247-48, 9L. Ed. 2d 202, 106 S. Ct. 2505 (1986) ("[S]ome alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be o genuine issue of material fact.").

Summary judgment is as appropriate in patent cases as in other cases. ***SRI International v. Matsushita Electric Corp. of America***, 775 F.2d 1107, 1123 (Fed. Cir. 1985).

Summary judgment is proper if the pleadings, depositions, answers to interrogatories, and admissions on file together with the declarations, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. ***Celotex Corp.***, U.S. at 323-24.

The party opposing the summary judgment may not simply rely on the pleadings or mere denials of the allegations. Rather, the opposing party must adduce some evidence showing that material facts are in issue. ***Anderson***, 477 U.S. at 256. *See also* ***Celotx Corp.***, 477 U.S. at 324 ("Rule 56(c) therefore requires a non-moving party to go beyond the pleadings and by [its] own affidavits or by the depositions, answers to interrogatories, and admissions on file designate specific facts showing that there is a genuine issues for trial."); ***Matsushita Electric Industrial Co. v. Zenith Radio Corp.***, 475 U.S. 574, 89 L. Ed. 2d 538, 106 S. Ct. 1348 (1986).

In a patent action, in order to prove infringement, the patent owner bears the burden of proving that every limitation or element set forth in a claim is found in the

accused device, either exactly ("literal infringement") or by a substantial equivalent (infringement under the Doctrine of Equivalents). ***Wolverine Worldwide, Inc v. Nike, Inc.***, 38 F.3d 1192, 1196 (Fed. Cir. 1994) (*citing* ***Johnson v. IVAC***, 885 F.2d 1574, 1577 (Fed.Cir.1989); ***In re Donaldson Co., Inc.***, 16 F.3d 1189, 1193 (Fed.Cir. 1994); ***Corning Glass Works v. Sumitomo Electric U.S.A., Inc.***, 868 F.2d at 1251, 1259 (Fed. Cir. 1989); ***Perkin-Elmer Corp. v. Westinghouse Elec. Corp of America***, 822 F.2d 1528, 1533 n. 9 (Fed. Cir. 1987) (*citing* ***Lemelson v. United States***, 752 F.2d 1538, 1151 (Fed. Cir. 1985); ***Pennwalt Corp. v. Durand-Wayland***, 833 F.2d 931, 934-5 (Fed. Cir. 1987 *cert denied* 485 U.S. 961, 485 U.S. 1009 (1988).

If an accused device lacks any limitations or an equivalent it does not infringe the claim, and under the Doctrine of Equivalents, the accused device and the claimed invention cannot work in "substantially the same way" if a limitation (including its equivalent) is missing. ***Valmont Indus. v. Reinke Mfg. Co.***, 983 F.2d 1039, 1043, .2 (Fed. Cir. 1993) (*citing* ***LaBounty Mfg., Inc. v. United States Int'l. Trade Comm'n***, 867 F.2d 1572, 1577 (Fed. Cir. 1989)). The burden of proving infringement is always upon the patentee. ***Wilson Sporting Goods Co. v. David Geoffrey & Associates***, 904 F.2d 677, 685 (Fed. Cir. 1990), *cert. denied*, 498 U.S. 992 (1990) *citing* ***UnderSea Industries v. Dacor Corp.***, 833 F.2d 1551, 1557 (Fed. Cir. 1987)).

The grant of summary judgment in favor of those accused of infringement has been repeatedly upheld where there was no genuine issue of material fact, the trial court had properly construed the claims, and no finding of infringement could have been made. *See* ***Porter v. Farmers Supply Service, Inc.***, 790 F.2d 882, 884 (Fed. Cir. 1986), and cases cited therein.

## THE '463 PATENT

The '463 patent is direct to a "call cost computer" for automatically computing and digitally displaying the cost of a long-distance telephone call while the telephone call is in progress or in real time. It provides an instantaneous digital display of the dollars-and-cents costs of a call in progress as those costs are incurred. (See Maginley Dec., paras. 38-40, 42.)

The timing and dollars-and-cents "costing" of a telephone call by the patented "call cost computer" are initiated only upon the receipt of a "call-completion signal" provided by the public telephone network which indicates that the called party has answered. This is disclosed in the '463 patent only as a 90 volt pulse generated by the public telephone system indicating that the called party has answered.

The '463 patent utilizes the term "call-completion" to refer to the event which occurs when the called telephone is answered, not the time when the call ends. The term "call termination" is used herein to refer to the instant when
the call ends (*i.e.*, when either party hangs up).

The '463 patent contains seven claims. Claim 1 is an "independent" claim, which Claims 2-7 "depend" from Claim 1, incorporating each of the elements of independent Claim 1. (See Reisman Dec., para. 37.)

Only Claims 1, 3 and 7 are being asserted by Phonometrics. (See Reich Deposition, pp. 293-294.) If any of the elements of independent Claim 1 are absent from the accused products herein, then not only is independent

Claim 1 not infringed, but neither are dependent Claims 3 or 7. ***Wahpeton Canvas Co. v. Frontier, Inc.***, 870 F.2d 1546, 1553 (Fed. Cir. 1989) ("It is axiomatic that dependent claims cannot be found infringed unless the claims from which they depend have been found to have been infringed.").

Since Phonometrics concedes that the accused products do not literally infringe Claim 1, the sole question to be determined is whether direct infringement of Claim 1 is present by virtue of the Doctrine of Equivalents.[1]

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[1] The Declarations of Walchli, Maginley and Russell attached to the moving papers of NTI and United unequivocally state that none of the elements of Claim 1 are present in NTI products taken alone or in combination with third party call accounting products, such as those made by Moscom Corp. Phonometrics does not controvert those statements. Phonometrics instead contends that in Claim 1, which it states "consists of seemingly endless language", the first four elements – stripped of structural and functional detail – are the "proper starting point" for the infringement inquiry. Phonometrics then seeks to convince the Court that only the first four elements, which it isolates from all remaining claim language, are important, *i.e.*, a timer, rate information, a register in which the time and rate information are stored, and a computer linked to each of these parts to automatically calculate the cost of calls. It urges that the "subelements" of the computer circuit means recited in Claim 1 are merely "the nuts and bolts" necessary to automate the process of timing and costing of calls in the embodiment of the invention, and thus have no meaning. That position is incorrect. Each element of a claim is material and essential, and in order for a Court to find infringement, the plaintiff must show the presence of every element in the accused device, either literally or by equivalents. ***Lemelson v. United States***, 752 F.2d at 1551. If an element of Claim 1 is clearly missing in view of the plain language of the claim, the Doctrine of Equivalents can not render such element present. ***Valmont Indus. v. Reinke Mfg. Co.***, 983 F.2d at 1043, n.2. The Court focuses herein on those elements which are manifestly missing.

To determine whether a patent claim is infringed by an accused product, either literally or under the Doctrine of Equivalents a two step process by this Court is necessary. The first step is to determine the proper construction and interpretation of the asserted claims. The second step is to determine whether the properly interpreted claims cover the accused device. ***Senmed, Inc. et al. v. Richard –Allen Medical Industries, Inc.***, 888 F.2d 815, 818 (Fed. Cir;. 1989) (*citing* ***Mannesman Demag Corp. v. Engineered Metal Products, Co.***, 793 F.2d 1279, 1282 (Fed. Cir. 1986) and ***Loctite Corp. v. Ultraseal***, 781, F.2d 861, 870-71 (Fed. Cir. 12985)). The proper construction and interpretation of the asserted claim is solely within the province of this Court. ***Markman v. Westview***, 52 F.3d 967, 977 (Fed. Cir. 1995), ***Southwall v. Cardinal***, ___ F.3d ___, No. 94-1243, 1995 U.S.App.LEXIS 10379, *9 (Fed. Cir. 1995).

CLAIM 1

Claim 1 of the '463 patent states as follows (reference letters added for convenience):

> A. An electronic solid state long-Distance telephone call cost computer apparatus for computing and recording the cost of each long-distance telephone call initiated from a given calling telephone, actuated by the lifting and replacement of the calling telephone to operate switch means coupled to the calling telephone, and further actuated by a call-completion signal generated in the telephone system when a called party answers at a called telephone, the computer apparatus comprising:

B. call timing means for timing the duration of each completed call;

C. settable charge selector means for storing initial fixed charge data for a given predetermined initial call interval and incremental charge data for subsequent additional predetermined incremental call intervals;

D. call cost register means, including a digital display, for providing a substantially instantaneous display of cumulative call cost in dollars and cents;

E. and computer circuit means, coupled to said switch, to said timing means, to said charge selector means, and to said call cost register means, for automatically recording, in the call cost register means, the costs of each long-distance call made from the calling telephone, said computer circuit means comprising:

F. reset means for resetting said timing means and said call cost register means immediately upon occurrence of said call-completion signal;

G. initial cost transfer means initiating operation of said call timing means and for applying the complete initial fixed charge data from said charge selector means to said call cost register means substantially instantaneously upon resetting of said call timing means and said call cost register;

H. incremental cost transfer means for applying the complete incremental charge data from said

charge selector means to said call cost register means substantially instantaneously upon completion of timing out the initial call interval by said call timing means and for again applying the complete incremental charge data from said charge selector means to said call cost register means substantially instantaneously upon completion of timing out of each incremental call interval following said initial call interval; and

I. termination means for interrupting operation of said computer apparatus, with the cumulative call cost held in and displayed by said call cost register means, upon operation of said switch by replacement of the calling telephone.

CLAIM CONSTRUCTION

The Court has the obligation to construe as a matter of law the meaning of language used in a patent claim. ***Markman***, 52 F.3d at 979. The proper construction of claim language is the first step of an infringement analysis, whether literal or by equivalents. ***Southwall*** at *21 (*citing* ***Senmed***, 888 F.2d at 818).

Three primary sources are employed in construing the claims. These are the claims themselves, the specification, and the prosecution history. ***Markman***, 52 F.3d at 979 (*citing* ***Unique Auto Concepts, Inc. v. Brown***, 939 F.2d 1558, 1561 (Fed. Cir. 1991).

Extrinsic evidence, such as expert testimony suggesting how one skilled in the art would interpret the claims, may also be used if helpful to the Court. However,

extrinsic evidence must be rejected if it is inconsistent with the prosecution history. ***Southwall*** at *19-*20.

Expert testimony cannot be relied upon to change the meaning of the claims when that meaning is made clear by the patent and prosecution history. ***Southwall*** at *19-*20.

Claims must be read in light of the specification, which may act as a dictionary to explain the claim language, and in certain instances, define terms used in the claims. **Markman**, 52 F.3d at 979. The Court construes a patent claim in accordance with the plain language therein unless another meaning has clearly been specified. ***Intellicall, Inc. v. Phonometrics, Inc.***, 952 F.2d 1384, 1388 (Fed. Cir. 1992).

In construing the claim language, the Court must also consider the patent's prosecution history, since this is the "undisputed public record" of proceedings in the Patent and Trademark Office and is of primary significance in understanding the clams. *See* ***Autogiro Co. of America v. United States***, 384 F.2d 391, 397 (Cl.Ct. 1967). Although the prosecution history can and should be used to understand the language used in the claims, it too cannot "enlarge, diminish, or vary" the limitations in the claims. ***Goodyear Dental Vulcanite Co. v. Davis***, 102 U.S. 222, 227 (1880); ***Intervet Am., Inc. Kee-Vet Labs, Inc.***, 887 F.2d 1050, 1054 (Fed. Cir. 1989).

Clam interpretation in view of the prosecution history is a preliminary step in determining literal infringement. Where, as here, no literal infringement is present or even asserted, prosecution history estoppel, if present, must be applied to the properly interpreted claims

as a limitation on the range of equivalents. ***Southwall*** at *21 (*citing* ***Senmed, Inc.***, 888 F.2d at 818-821).

Under the Doctrine of Equivalents, an accused product that does not literally infringe a claim may still infringe if "it performs substantially the same function in substantially the same way to obtain the same result." **Graver Tank & Mfg. Co. v. Linde Air Prods. Co.**, 339 U.S. 605, 608, 330, 94 L. Ed. 1097, 70 S. Ct. 854 (1950).

However, only if an accused product contains specific structure which meets all limitations of an asserted claim directed to structure, at least equivalently, can that product infringe under the Doctrine of Equivalents. ***Southwall***, at *23 (*citing* ***Pennwalt***, 833 F.2d at 935).

The Doctrine of Equivalents is not a tool for expanding the protection of a patent after examination has been completed. ***Hormone Research Foundation, Inc. v. Genentech, Inc.***, 904 F.2d 1558, 1564 (Fed. Cir. 1990) *cert. denied*, 499 U.S. 955 (1991) (*citing* ***Senmed***, 888 F.2d at 818).

In addition, prosecution history estoppel limits the range of equivalents available to a patentee by preventing recapture of subject matter surrendered during prosecution of the patent. ***Townsend Eng'g. Co. v. HiTec Co.***, 829 F.2d 1086, 1090 (Fed. Cir. 1987) (*quoting* ***Thomas & Betts, Co. v. Litton Sys., Inc.***, 720 F.2d 1572, 1579 (Fed. Cir. 1983)). It too is a question of law to be determined by the Court. ***LaBounty Mfg., Inc.***, 867 F.2d at 1576 (*citing* ***Loctite***, 781 F.2d at 871, n.7, and ***Moeller v. Ionetics***, 794 F.2d 653, 659 (Fed. Cir. 1986)). "Other players in the marketplace are entitled to rely on the record made in the Patent Office in determining the meaning and scope of the patent." ***Lemelson v. General Mills, Inc.***, 968 F.2d 1202,

1208 (Fed. Cir. 1992) (*cert. denied sub nom.* ***Lemelson v. Mattel***, ___ U.S. ___, 113 S.Ct. 976, 122 L.Ed 131 (1993).

Under these standards, the Court has considered the undisputed evidence, arguments and other submissions of the parties in connection with the asserted patent. Specific claim elements will now be addressed.

ELEMENTS OF ASSERTED CLAIM

Element D of Claim 1 recites "call cost register means, including a digital display, for providing a substantially instantaneous display of cumulative call cost in dollars and cents." The "substantially instantaneous display" of Claim 1 is defined in the '463 patent at col. 3, lines 26-32, as follows:

> The cumulative cost of a single call is displayed in the single call cost register 11 to continuously remind the caller as to the cost of the call as the call progresses ...

In ***Intellicall v. Phonometrics***, 952 F.2d at 1389, the United States Court of Appeals for the Federal Circuit held that the "call cost register means" of Claim 1 of the '463 patent required an "instantaneous digital display of cumulative call costs in dollars and cents" of a call.

The Court likewise construes element D of Claim 1 to require a register having an instantaneous digital display of cumulative call costs in dollars and cents of a call which is in progress. This will not be applicable to a register or other device which can only display call costs for a terminated call but not for a call in progress, as the two are quite different.

A "settable charge selector means" is set forth in element C of Claim 1. It is defined in the '463 patent as a manually settable charge selection device (for both the initial three-minute charge and incremental one-minute charges) which is set through the use of "thumbwheels" (*i.e.*, rotary manual switches) or other manual switches. The plain language of Claim 1 and the '463 patent indicates clearly that it is the "initial fixed charge data" from these switches that is set into the "call cost register means", element D, "substantially instantaneously upon resetting of said call timing means" as recited in element G of Claim 1. Therefore, this Court holds that element C of Claim 1 requires settable switches for setting a charge for call cost which may then be transferred in accordance with the explicit requirements of element G as detailed below.

The "call completion signal" is defined in the '463 patent as a 90 volt pulse generated by the public telephone system to indicate when a called party has answered. See Walchli Declaration, para. 29. The "call-completion signal" is directly recited in elements A and F of Claim 1.

The "completed call" recited in element B of Claim 1 is clearly a call for which a "call-completion signal" has been received. "When the party called is reached, the 90-volt pulse derived from the telephone line upon the lifting of the receiver of the called party substantially simultaneously clears the elapsed time indicator 13 and started the indicator counting time" ('463 Patent, column 3, lines 3-7). The events recited in element G of Claim 1, which occur "substantially instantaneously upon resetting of said call timing means and said call cost register," the resetting operation occurring as a result of the "call-completion signal" (see element F), render it manifest that the device defined in Claim 1 functions only in response to

calls which are actually completed as indicated by the occurrence of the "call-completion signal."

Therefore this Court holds that elements B, F and G require "means", as contemplated by 35 U.S.C. § 112, ¶6[2] or their equivalents under the Doctrine of Equivalents, that are responsive to a "call-completion signal" generated by the public telephone system which indicates that a called party has answered. This is also referred to in Element A of Claim 1 which is the preamble of the claim.

In reaching these conclusions this Court is cognizant of and rejects, for reasons set forth below, Phonometrics' arguments that the '463 patent is entitled to treatment as a pioneer invention. Instead this Court focuses upon what it perceives as a well defined prosecution history estoppel which limited the range of equivalents available to the patentee with respect to elements B, C, F and G of Claim 1.

## PROSECUTION HISTORY ESTOPPEL

This Court has reviewed the patent-in-suit and the file history provided with Defendants' Motion for Summary Judgment of Non-Infringement, particularly the portions relating to arguments made by the Applicant regarding the Fletcher reference. Those arguments were as follows:

> Two basic features of the present invention, both explicitly incorporated in Claim 10[3], afford a clear and patentable distinction over

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[2] *See* ***Valmont***, 983 F.2d at 1043.

[3] Claim 10 of the patent application became claim 1 of the '463 patent.

> the Fletcher device. Thus, Claim 10 expressly requires the provision of reset means for resetting the timing means and the call cost register means immediately upon occurrence of a call-completion signal that is generated in the telephone system when a called party answers at a called telephone. This claim also expressly requires the provision of initial cost transfer means for starting the call timing means and for applying complete initial fixed charge data from the charge selector to the call cost register substantially instantaneously upon completion of the aforesaid reset operation.

April 2, 1973 Amendment, pp. 11-12. [Emphasis in original] The Amendment further states:

> This automated operation is substantially different from anything shown in the Fletcher patent. ...The operation ... eliminates a substantial possible and even probable error in previously known manually actuated apparatus. ... In addition, and as clearly set forth in Claim 10, the apparatus of the present invention instantaneously transfers the three-minute charge information to the cost register, when the call is completed by the receiving party lifting the called telephone ...In the Fletcher device, and other similar prior art apparatus, the call charge information requires considerable time for entry and may well result in an erroneous charge recording if the calling telephone is hung up after only a minor increment of a charge interval is

> completed. ... Accordingly, Claim 10 ... should be allowed.

*Id.* [Emphasis added.]

The Court finds these statements made by the patentee or his representative to secure the '463 patent and specifically Claim 1 therein create a prosecution history estoppel which limits elements B, C, F and G of Claim 1 to the construction set forth above. ***Southwall***, at *21.

## THE '463 PATENT IS NOT ENTITLED TO PIONEER STATUS

A pioneering invention is defined as "a distinct step in the progress of the art, distinguished from a mere improvement or perfection of what has gone before." ***Texas Instruments, Inc. v. Unites States International Trade Commission***, 846 F.2d 1369, 1370 (Fed. Cir. 1988) (*citing* ***Westinghouse v. Boyden Power Brake Co.***, 170 U.S. 537, 562, 18 S.Ct. 707, 718, 42 L.Ed. 1136 (1898)).

> The judicially "liberal" view of both claim interpretation and equivalency accorded a "pioneer" invention (*see* ***Morley Sewing Machine Co. v. Lancaster***, 129 U.S. 263, 9 S.Ct. 299, 32 L.Ed6. 715 (1889)) is not a manifestation of a different legal standard based on an abstract legal concept denominated "pioneer". Rather, the "liberal" view flows directly from the relative sparseness of prior art in nascent fields of technology. ***Texas Instruments Inc.***, 846 F.2d at 1370.

The statements of Phonometrics' affiant Casner indicate that the improvement of the claimed invention over the Fletcher reference cited by the Patent Examiner is the utilization of an automatic start feature. (Casner Declaration Paras. 39, 48-49.) In prior litigation involving the same '463 patent and pay telephone equipment having similarity to the subject matter of the '463 patent, where equivalents was an issue, decisions at the District Court and Federal Circuit levels made plain that no court ever accorded "pioneer" status to the '463 patent. *See* ***Intellicall***, 952 F.2d at 1389.

This Court agrees that the '463 patent represents only an improvement over the prior art cited by the Patent Examiner. It is not a distinct step in the progress of the art and is not entitled to "pioneer" status. Moreover, even "pioneer" status does not change the way infringement is determined. The patentee's disclosure, the prosecution history, and the prior art still provide the background against which the scope of claims is determined. ***Texas Instruments, Inc.***, 846 F.2d at 1370.

## THE ACCUSED PRODUCTS

The Complaint originally filed in this case charged the following products of NTI with infringement of the '463 patent: NORSTAR, Vantage, and Meridian/SL-1 systems, the Esprit, and the "KLM Model". More recently[4], Phonometrics has asserted that the accused system consists of a Northern Telecom SL-1 system, also known as a private branch exchange (PBX), which is linked to a call cost computer. NTI does not manufacture call cost computers for the SL-1 PBX.

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[4] See page 2 of Phonometrics' Opposition to Defendants' Motion for Summary Judgment of Non-Infringement.

The Court has reviewed the evidence presented by the parties regarding the structure of the accused products.

In support of their Motion for Summary Judgment of Non-Infringement, defendants produced the Declaration of Messrs. Russell, Maginley, Walchli and Reisman with supporting documentation, describing the structure of the accused NTI devices. In Opposition, Phonometrics filed the Declaration of Kenneth Casner, which set forth no descriptive evidence relating to the structure of the accused products.

Phonometrics did not controvert the discussion of the accused structures set forth by defendants' affiants. Accordingly, the findings of this Court are properly based upon the structural description of the accused products as set forth by defendants' affiants, as follows.

The "ESPRIT Series" and "KLM Model" are accessory devices employed by VANTAGE and NORSTAR systems, to which the '463 patent has no application. Maginley Declaration, paragraphs 20-21 and 30 et seq.

The ESPRIT was a telephone set having no digital display and incapable of performing any function when not connected to a VANTAGE system. *Id.*

The "KLM Model" (Key Lamp Module) is a lamp module for indicating telephone sets in use at a receptionist's switchboard, and contains none of the elements of the asserted claims. Reisman Declaration, para. 23.

The Declarations of NTI's affiants Walchli, Russell and Maginley, all oi whom are experts in the relevant phone art, constitute evidence that the accused products of NTI lack elements B, C, D, F and G of Claim 1 of the '463 patent, as construed above. They also provide evidence that the accused products of NTI lack the instantaneous digital display, the call-completion signal and the settable charge selector (thumbwheels) disclosed and claimed in the '463 patent. See Walchli Declaration, paras. 26 et seq. and 47 et seq.

The Declarations of NTI's affiants are evidence the manner in which NTI PBX and KSU products begin to time the period of an attempted call, as a function of when dialing ends or an outgoing telephone trunk is seized by the product, is not the same as, or the equivalent of, the claimed "call completion signal."

The Court recognizes, as does Phonometrics' Declarant Casner, that the approach employed by NTI PBX and KSU products during the relevant period would be inherently less accurate than use of a "call completion signal." In cases where a telephone is not answered but is allowed to ring incessantly or busy tones are allowed to persist, erroneous charges would be incurred when a "call completion signal" is not employed. If the calling telephone is hung up after only a minor increment of a charge interval an erroneous charge (*i.e.*, none) could also occur. The requirements of elements B, D, F and G of Claim 1 of the '463 patents, as interpreted, could not possibly be met. Hence this Court rejects the "timing protocol" arguments asserted by Phonometrics.

The Declarations of Messrs. Walchli, Russell and Maginley establish that the accused PBX and KSU equipment manufactured during the relevant period did not

generate or otherwise provide call duration information until the call had terminated. No costing of any type was provided by the accused PBX and KSU equipment without the attachment of an external device. Thus, regardless of what devices, third party or otherwise, were connected to the accused NTI PBX and KSU products, no duration information would be available to such devices for costing or otherwise until after termination of the call. Walchli Declaration, paras. 18, 21, 44 and Table. Such devices simply could not[5] provide an "instantaneous digital display of cumulative call costs in dollars and cents" of a call which is in progress. ***Intellicall***, 952 F.2d at 1389.

Thus even accepting Phonometrics' position that an infringing combination consists of third-party equipment connected to the CDR/SMDR output of an NTI PBX, the analysis is not altered, because no information is provided by the NTI PBX until after the telephone call has terminated. Even if the third party equipment is connected, the claimed instantaneous display would not be provided, nor would the claimed reset and transfer functions occur.

The Declarations of Messrs. Walchli, Russell and Maginley also establish that the accused PBX and KSU equipment manufactured during the relevant period did not utilize call completion (or answer detection or answer supervision) signals to start a call timer function. Walchli Declaration, para. 30.

Phonometrics has not disputed the material facts set forth in the Walchli, Maginley and Russell Declarations with regard to the structure of the accused devices. Phonometrics has produced no evidence to establish that

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[5] Walchli Dec., para. 14, Russell Dec., para. 36, 48, 51; Maginley Dec., para. 18.

the elements of Claim 1 which are not met literally are met equivalently.

Accordingly, the Court finds as a matter of law that Phonometrics has raised no genuine issue of material fact as to the absence of the elements B, C, D, F and G of Claim 1 in the accused products. Therefore, Phonometrics' assertion of infringement under the Doctrine of Equivalents must fail as a matter of law.

## THE CASNER DECLARATION DOES NOT DEFEAT SUMMARY JUDGMENT

Phonometrics contends that summary judgment is inappropriate because (i) the Declaration of Kenneth Casner filed in connection with its Opposition to Summary Judgment raises a genuine issue of material fact as to the range of equivalents to be accorded each of the claim terms at issue; (ii) the interpretation of "disputed claim terms" is an issue of fact, and (iii) the purportedly "disputed meaning of 'display' means" is a fact issue. (*See* Phonometrics Opposition to Defendants' Motion for Summary Judgment of Non-Infringement, pp. 7 *et seq.*)

Phonometrics' position is rejected being incorrect as a matter of law.

First, the allegedly disputed meaning of "display means" is an issue to be determined by this Court , as a matter of law, and not by a finder of fact. ***Markman***, 52 F.3d at 977; ***Southwall***, at *9.

Next, with regard to the Casner Declaration, the Court has reviewed that Declaration and finds that with regard to infringement issues it provides no more than a conclusory opinion that the accused devices fall within the

ambit of the asserted claim. The Casner Declaration sets forth no discussion of the structure of the accused devices, and no direct, element by element comparison between the accused structures and the claim language.

In ***Southwall*** the Federal Circuit found that the testimony of the patentee's Declarant(s) was properly rejected as providing only conclusory legal opinions as to whether the accused item fell within the ambit of the asserted claim(s), rather than "evidence of how that term is commonly used and understood in the art." ***Southwall***, at *18-19.

Moreover, the Casner Declaration posits a meaning of terms such as "call completion signal" and "digital display for providing a substantially instantaneous display of cumulative call cost in dollars and cents" which is clearly at odds with the meaning derived from the specification and prosecution history of the '463 patent. By way of example, Phonometrics and Mr. Casner assert that the "call-completion signal" need not be a 90 volt pulse generated by the telephone company when the called party answers, or even any signal generated when the called party answers. That proffered definition of "call-completion signal" is clearly at odds with the applicants' statements made during prosecution in distinguishing over the Fletcher patent.

As indicated above, a patentee may not proffer an interpretation for the purposes of litigation that would alter the indisputable public record consisting of the claims, the specifications and the prosecution history, and treat the claims as a "nose of wax". ***Southwall*** at *19 (*citing* ***Senmed Inc.***, 888 F.2d at 819 n. 8). In the instant case, Phonometrics seeks an interpretation which would alter the "indisputable public record" regarding the "call completion

signal" and "digital display for providing a substantially instantaneous display of cumulative call cost in dollars and cents".

Because the meaning of these terms is clear from the prosecution history, Mr. Casner's Declaration cannot alter that meaning – even if the patentee could show that the term(s) in question has a meaning to one skilled in the art different from that in the specification and file history. The definition in the patent documents controls the claim interpretation. *Id.* at *19 (*citing* ***Markman v. Westview***.)

Even if the substitutes suggested by Phonometrics and the Casner Declaration are accepted, there would still be numerous required elements missing from the proposed infringing combination, including the claimed reset means and transfer means. Thus, infringement would still not be present.

In view of the foregoing, Mr. Casner's Declaration is entitled to no weight on the subject of claim construction, and cannot create a genuine issue of material fact precluding summary judgment. *Id.* at *19.

## CONCLUSION

THE COURT has considered the Motion for Summary Judgment of Non-Infringement and the pertinent portions of the record, and being otherwise fully advised in the premises, it is

ORDERED AND ADJUDGED that said Motion for Summary Judgment of Non-Infringement be, and the same is hereby GRANTED. The Court shall enter final judgment in favor of defendants NTI and United with costs taxable against Phonometrics.

THE COURT reserves jurisdiction to enter such other and further Orders as deemed proper. The Clerk of the Court shall DENY all pending MOTIONS in this matter as MOOT.

DONE AND ORDERED in Chambers at West Palm Beach, this 15th day of September, 1995.

KENNETH L. RYSKAMP
UNITED STATES DISTRICT
JUDGE

Copies presented to:
Michael Hursey, Esq.
Melvin K. Silverman, Esq.
Harry Schafer, Esq.
Marvin S. Gittes, Esq.
Steven I. Peretz, Esq.

APPENDIX F

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
NORTHERN DIVISION

| | | |
|---|---|---|
| IN RE: | ) | Docket No. |
| | ) | 94-65023-CIV- |
| PHONOMETRICS | ) | RYSKAMP |
| LITIGATION, | ) | |
| | ) | West Palm Beach, Fl. |
| | ) | February 13, 1997 |
| | ) | 8:30 a.m. |

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TRANSCRIPT OF HEARING
BEFORE THE HONORABLE KENNETH L. RYSKAMP

[matter omitted]

THE COURT: Let me just put a little background to put this matter into focus. I guess we would start with the 1992 decision in Intellicall v. Phonometrics, in which the issue of this patent was put into context, and in that case the court made an extensive analysis of the system, stating that the cumulative call cost information is displayed to the caller while the calls is being made.

It analyzed the claims of the patent, acknowledged that both parties moved for summary judgment on the issue of infringement, and the court held that questions of infringement are properly resolved on motions for summary judgment.

[matter omitted]

THE COURT: Now we have all of these hotel cases, and from the response, I see that there are a good number of manufacturers that have not been sued in this case. The court asks one question which it thought it knew the answer to, but the answer seems so improbable that I wanted confirmation from others, and you have all give me that confirmation.

It just seems incredible that a person can buy a product in the open market and then have to defend the use of that product against a claim of patent infringement when the manufacturer of the product hasn't even been sued or challenged for the use of the patent. Apparently that's the law and I guess I thought that was the law before I started. I just wanted to make sure.

In my opinion it should not be the law. I think if you buy a product and pay for it and that product happens to infringe, you should have some immunity from it and the manufacturer should be the one who is responsible for it, but that apparently doesn't seem to be the law.

Now, I have seen the responses filed by many of the various hotels, some of whom are moving for summary judgment at this time.

I think the critical issue at this point is do any of these devices, regardless of who manufactures them, provide for an instantaneous display of call cost accounting while the call is in progress. I have been to a number of hotels, seen various equipment. It may have a timer. Even the court's phone up here has a timer which will tell you how much time goes by as you talk. Obviously that is not an infringement. This is call cost accounting s [sic] that

would show the cost of the call instantaneously on a digital display.

Let me ask plaintiff's counsel. Do you have any knowledge that any of this equipment provides this instantaneous display?

MR. SUTTON: Your Honor, it does provide substantially instantaneous display.

THE COURT: Wait a minute. Substantially. You mean it displays it to a computer that reads it?

MR. SUTTON: It displays it in two ways. Into a monitor on a computer that displays it as well as in a printer that is a permanent record.

THE COURT: But does the person making the call is he able to see the call cost accounting as it goes by?

MR. SUTTON: No claim requires that, your Honor. The error that your Honor has made is believing that there has to be a display to the caller during the call. No claim requires that.

The Federal Circuit never said that in the Intellicall case. All they said in the Intellicall case is that the display that the defendants had in that instance, which was to the caller during the call in progress, was decrementing, not incrementing, and the claims do call for cumulative display.

I represent to the court, to the best of my knowledge, every singe one of the hotels before you today has that. There is a substantially instantaneous cumulative cost display in dollars and cents.

THE COURT: Was there such a display on the Northern Telecom equipment?

MR. SUTTON: Yes, your Honor.

THE COURT: So you disagree with the court's conclusions in this regard and maybe the court will eventually agree with you, and I may be stupid, but I intend to be consistent.

[matter omitted]

MR. SUTTON: There is no ambiguity in the claims about whether during the call are words that exist in any claim. Those words simply do not exist in any claim.

THE COURT: What about instantaneous, doesn't that mean during the call?

MR. SUTTON: No, of course not.

THE COURT: What does it mean?

MR. SUTTON: It means that as soon as the call is over there is a permanent record.

THE COURT: Counsel, you just lost all credibility with me right there when you say that instantaneous does not mean during the call.

MR. SUTTON: Please, hear me out, your Honor.

THE COURT: What does it mean?

MR. SUTTON: Before this invention came along, when you wanted to make a long distance call from the hotel –

THE COURT: Counsel, I heard all that. You had to call the operator and get time and charges after the call.

MR. SUTTON: And that was not substantially instantaneous. Now it is at the speed of light. The electrons move at the speed of light.

THE COURT: You're saying this patent says it applies to any device that records the call instantaneously after the call is completed, is that what you mean?

MR. SUTTON: Exactly. That's what you want to know, the cumulative call cost. That's what the claims say.

THE COURT: Oh, please. I think I understand what we are talking about, but you are dead wrong based upon Intellicall, but nevertheless.

MR. SUTTON: Intellicall does not say that. All it sys is you have to have a display of cumulative call cost in dollars and cents substantially –

THE COURT: Counsel, we are wasting our time even talking, I think.

Do any other counsel want to be heard on this issue?

[matter omitted]

THE COURT: It seems to me in light of Intellicall, a lot of these cases, maybe all of them, were filed in bad

faith, continuing to litigate an issue that has already been resolved.

[matter omitted]

MR. SUTTON: Well, I am not sure, your Honor. There are probably 100 different systems that are combined, mixed and matched between manufacturers and everything else. It's going to take a long time to be able to give a definitive answer on what we now know. All I know is that none of them have the three elements, that is to say a 90 volt signal, a thumb wheel, and a call in progress.

Now, I'm willing to go up on appeal, your Honor, and have it be that those words are in the claim per your Honor's determination on Northern Telcom, which after all was nothing but a proposed order from Northern Telcom. Your Honor didn't write a word of that opinion.

THE COURT: You are right.

APPENDIX G

**Berman Rennert Vogel & Mandler, P.A.**

January 11, 2002

John P. Sutton, Esq. Via Facsimile (415) 922-2885
2421 Pierce Street
San Francisco, CA 94115-1131

**Re: Phonometrics, Inc. v. Westin Hotel Co.**

Dear Mr. Sutton:

I write as counsel for Westin and in response to your letter of January 7, 2002. This letter will serve as Westin's good faith effort, pursuant to Rule 26.I.1, S.D.Fla. R., to resolve a discovery dispute prior to filing a Motion for Protective Order.

I am not sure what you mean by taking a deposition under Rule 56(f), but in any event, Westin's corporate designee would be Dennis P. Howell, who gave an affidavit in support of Westin's Motion for Summary Judgment. In that affidavit, Mr. Howell clearly stated that "none of the Westin phone systems displayed the cost of a call via a digital display as the long-distance charges accrued during the call, in real time. In the Westin systems, no costs were determined or available until the call was terminated."

The decision in *Phonometrics, Inc. v. Northern Telecom, Inc.*, 133 F. 3d 1458, decided January 15, 1998, construed the patent to cover cost accounting systems which, *inter alia*, digitally display the cost of the call throughout the duration of the call, providing the caller with real time, accurate information so long as the charges accrue. 13 F. 3d at 1465. Phonometrics has already acknowledged that if the court believed that the patent claims are limited by the inclusion of the words "display of the call in progress" or "during the call," since none of the hotel defendants' systems include this feature, Phonometrics should lose. See Phonometrics' Response to Omnibus Order filed February 10, 1997, pp. 17-19, filed prior to the referenced ruling. This is Exh. 8 to ITT Sheraton's Memorandum of Law in Support of Motion for Summary Judgment.

At a hearing o February 13, 1997, you stated that the claim did not require a display during the call, but rather that "as soon as the call is over, there is a permanent record." *Id.*, Exh. 9, pp. 7-14. And at page 26 of the same transcript, you acknowledged that none of the defendants' systems have a "call in progress [display]."

Phonometrics obviously does not believe that the claim requires display of the call's cost to the caller during the call. Nevertheless, the referenced opinion held otherwise. In light of this, there is no need for you to take discovery of Westin. The facts are undisputed – the Westin systems have never showed the cost of the call during the call, ad you acknowledge that if the claim required this, Phonometrics cannot show infringement.

I therefore respectfully requires you to withdraw your notice of deposition, or alternatively explain what you intend to accomplish by taking it. If we are unable to

resolve this matter by Wednesday, January 16, Westin intends to file a Motion for Protective Order.

In addition, Westin understands Phonometrics understands you may now be arguing that a card displaying the standard costs of local and long distance calls placed by hotel phones supports its claim. Since such a card would not meet the requirements of the claim, solely for the purposes of the motion, Westin will agree to a reasonable stipulation along such lines. Thus, there would be no need for a deposition.

Very truly yours,

Jill Nexon Berman

cc: Paul Lawrence, Esq.
Nicholas Coch, Esq. (via fax)

APPENDIX H

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
(West Palm Beach Division)

PHONOMETRICS, INC.,
a Florida Corporation,

Plaintiff,

-vs.-

WESTIN HOTEL, CO.,
a Delaware Corporation,

Defendant.
_____/

Case No. 94-6504-CV
-RYSKAMP

**DECLARATION OF JOHN P. SUTTON IN SUPPORT OF PLAINTIFF'S MOTION TO COMPEL DISCOVERY**

John P. Sutton, under penalty of perjury, declares:

1. I am an attorney at law duly licensed and am the attorney for plaintiff Phonometrics, Inc. in the above-entitled matter. As such, I am readily familiar with the facts of this litigation and if called as a witness, I could and would testify competently thereto.

2. I identify Exhibit 1 as a true copy of the Notice of Taking Deposition served on defendant Westin Hotel Co. on January 7, 2002.

3. Agents for Phonometrics, Inc. have visited Westin hotels and have seen digital displays of cost in dollars and cents in hotel rooms to indicate to the hotel guest the cost of each call as the call is in progress. However, those agents visited Westin hotels after the patent expired on October 30, 1990. No agent has personal knowledge of the use of such displays by Westin prior to October 30, 1990.

4. Phonometrics believes that Westin Hotels had in 1990 a computer for automatically recording the cost of each long-distance call made from the calling telephone as recited in claim 1 of the patent. A deposition of a percipient witness is necessary to verify this fact.

5. Phonometrics must prove that Westin Hotels had in 1990 a means for determining the duration of each call. A deposition of a percipient witness is necessary to verify this fact.

6. Phonometrics must prove that Westin Hotels in 1990 had a means for determining the long distance rate applicable to each call. A deposition of a percipient witness is necessary to verify this case.

7. Phonometrics must prove that Westin Hotels in 1990 had a digital display for providing a substantially instantaneous display of cumulative call cost in dollars and cents. A deposition of a percipient is necessary to verify this fact.

8. Phonometrics must prove that Westin

Hotels in 1990 had a termination means operated by replacement of the calling telephone on-hook. A deposition of a percipient witness is necessary to verify this fact.

9. I identify Exhibit 2 as a true copy of a letter sent to me by counsel for Westin Hotel Co. dated January 11, 2002.

I declare under penalty of perjury that the foregoing is true and correct. Executed on January 10, 2002 at San Francisco, California.

_____

JOHN P. SUTTON

# APPENDIX I

The Fifth Amendment to the Constitution states: "No person shall … be deprived of life, liberty, or property, without due process of law …"

The Seventh Amendment to the Constitution states: "In suits at common law . . . the right of trial by jury shall be preserved.

28 U.S.C. §1927 states: "Any attorney . . . who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs . . ."

35 U.S.C. §285 states: "The court in exceptional cases may award reasonable attorney fees to the prevailing party."

Supreme Court Rule 10(a) states: ". . . a United States court of appeals has entered a decision in conflict with the decision of another Unites States court of appeals on the same important matter . . . as to call for an exercise of this Court's supervisory powers;"

Supreme Court Rule 10(c) states: ". . . a United States court of appeals . . . has decided an important federal question in a way that conflicts with relevant decisions of this Court."

Fed. R. App. P. 38 states: "if a court of appeals determines that an appeal is frivolous, it may . . . award just damages . . . to the appellee."

Fed. R. Civ. P. 38(a) states: "The right of trial by jury as declared by the Seventh Amendment to the Constitution . . . shall be preserved to the parties inviolate."

Fed. R. Civ. P. 11(b) states" "By presenting to the court . . . a pleading, written motion, or other paper, an attorney . . . is certifying this . . .

(1) it is not being presented for any improper purpose...;

(2) the claims . . . are warranted by existing law;

(3) the allegations and other factual citations have evidentiary support . . ."